Balladur bound
The constraints on economic policy
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The US in Somalia
Admirable ends, mistaken means
Edward Mortimer, Page 16

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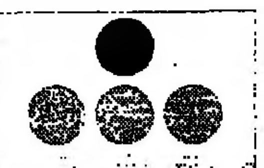
Job exchanges at Fujitsu and ICL
Management, Page 12



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Why market leaders can never sit pat
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FINANCIAL TIMES

Europe's Business Newspaper · WEDNESDAY SEPTEMBER 22 1993

BAe and Taiwan deal hits new row over leaked letters

British Aerospace chairman John Cahill is expected to meet Taiwanese government ministers today to discuss the latest obstacle to progress on a joint venture to build regional jet aircraft. Opposition politicians in Taiwan leaked letters from Mr Cahill to Mr Chiang Ping-kun, minister of economic affairs, in an attempt to show that the deal is politically rather than commercially motivated. Page 18

Senior PLO leader assassinated: A senior PLO leader in the occupied Gaza Strip was assassinated by other Palestinians in a dispute within the mainstream Fatah faction over the peace accord with Israel, Palestinian sources said. Mohammed Hashem Abu Shaaban was head of a political committee organising support for the accord. Rabin faces vote of confidence, Page 5

Gunmen kill 18 in S Africa: Gunmen shot dead 18 passengers in a minibus taxi south of Johannesburg, state-owned South African Broadcasting Corporation said.

Mahathir attacks Major on Bosnia: British prime minister John Major was clearly surprised when Dr Mahathir Mohamad, his Malaysian counterpart, accused Britain of standing by while Bosnian Moslems were "wiped out". Page 18; Further details, Page 4; Moslems say sea access agreed, Page 3; Insults fly over Major leadership, Page 11

Muted welcome for rate cut: Japanese business leaders gave a muted welcome to a three-quarter percentage point cut in official interest rates to a new low of 1.75 per cent. Page 4

E Europe income prospects poor: It will take 35 years for eastern European incomes to reach even half the level of average western incomes under current predictions for economic growth, John Flemming, the chief economist at the European Bank for Reconstruction and Development, said. Page 3

New weekly column for Barry Riley:

Barry Riley starts a new weekly column in this issue. Every Wednesday, he will write about worldwide investment themes and strategies. He continues to take The Long View on Saturdays. This week: Why the recasting of Daimler-Benz's first half profit as a loss under US accounting principles could pose a serious threat to Germany's corporate culture. Page 19

British motors breakthrough: British scientists and component manufacturers hailed a breakthrough in the design of electrical motors. Page 10

Michelin falls into loss: Michelin, the world's largest tyremaker and one of France's largest industrial groups, blamed the recession and rationalisation costs for a net loss of FFr3.19bn ($568m) in the first six months compared with net profits of FFr820m in the same period. Page 19

US foreign policy blueprint: The Clinton administration plans a US foreign policy strategy of "enlargement" of market democracies, to replace the containment doctrine of the cold war years. Page 6

Japanese brokers revise forecasts: Japan's leading brokers, with the exception of Daiwa Securities, were forced to revise their earnings forecasts. Nomura Securities, the largest house, cut its expected pre-tax profit from Y35bn to Y25bn ($240m) for the first half. Page 19; Lex, Page 18

UN captures Aideed's backer: US commandos in the Somali capital, Mogadishu, captured Osman Hassan Ali, main financial backer of Somali warlord Mohamed Farah Aideed, the UN said. Earlier two Pakistani UN troops died in fighting with militias. Africa's lunatic asylum, Page 24

Airliner shot down: All 28 people aboard were killed when their airliner was shot down as it approached Sukhumi, where Georgian troops are besieged by Abkhazian separatists. The aircraft was hit by a missile and plunged into the Black Sea. War-torn Georgia faces collapse, Page 2

Chess: Reigning champion Garry Kasparov beat challenger Nigel Short in the seventh game of the world chess championship in London. He now leads the 24-game series 5½ to 1½.

■ STOCK MARKET INDICES

FT-SE 100:	3001.6	(-2.9)
Yield	3.9	
FT-SE Eurotrack 100	1279.55	(+1.49)
FT-A All-Share	1492.99	(-0.0%)
Nikkei	20,465.65	(+200.62)
New York: lunchtime		
Dow Jones Ind Ave	3555.68	(-20.12)
S&P Composite	454.97	(-0.08)

■ US LUNCHTIME RATES

Federal Funds:	3⅛%
3-mo Treas Bills: Yld	2.983%
Long Bond	102 3/32
Yield	6.092%

■ LONDON MONEY

3-mo Interbank	5 13/16%	(5 13/16%)
Liffe long gilt future:	Sep 112 7/16	(Sep 112 5/16)

■ NORTH SEA OIL (Argus)

Brent 15-day (Nov)	$16.53	(16.51)

■ Gold

New York Comex (Dec)	$365.0	(355.5)
London	$353.3	(353.8)

■ STERLING

New York lunchtime:		
$	1.507	
London:		
$	1.523	(1.532)
DM	2.4675	(2.47)
FFr	8.605	(8.6225)
SFr	2.16	(2.15)
Y	162.0	(159.75)
£ Index	80.8	(same)

■ DOLLAR

New York lunchtime:		
DM	1.64	
FFr	5.7135	
SFr	1.4295	
Y	107.2	
London:		
DM	1.6195	(1.6125)
FFr	5.65	(5.6275)
SFr	1.4175	(1.4035)
Y	106.3	(104.25)
$ Index	64.7	(64.3)

Tokyo close Y 105.38

Austria	Sch30	Germany	DM3.30	Malta	Lm0.60	S.Arabia	SR11		
Bahrain	Din1.250	Greece	Dr300	Morocco	MDh13	Singapore	S$4.10		
Belgium	BFr65	Hungary	Ft 185	Neth	Fl 3.75	Slovak Rp	KSL45		
Bulgaria	Lv25.00	Iceland	IKr215	Nigeria	Naira45	Slovenia	SLT220		
Croatia	HRD5700	India	Rs40	Norway	NKr18.00	South Africa	R12.00		
Cyprus	C£1.00	Israel	Shk5.90	Oman	OR1.50	Spain	Pta210		
Czech Rp	CZK45	Italy	L2700	Pakistan	Rs35	Sweden	SKr15		
Denmark	DKr15	Jordan	JD1.50	Philippines	Pso45	Switz	SFr3.20		
Egypt	E£4.50	Kuwait	Fils600	Poland	Zl 22,000	Syria	S£50.00		
Finland	FM12	Lebanon	US$1.25	Portugal	Es215	Tunisia	Din1.250		
France	FFr9.00	Lux	LFr65	Qatar	QR12.00	Turkey	L8000		
						UAE	Dh11.00		

Yeltsin dissolves parliament

Russian president takes emergency powers, calls elections for December

By John Lloyd and Leyla Boulton in Moscow

RUSSIA'S president Boris Yeltsin last night precipitated the long-awaited confrontation with his enemies in the Russian parliament by dissolving parliament, calling fresh elections in December and taking emergency executive powers.

He ordered the holding of fresh parliamentary elections on December 11-12, with presidential elections to follow immediately.

General Alexander Rutskoi, the vice-president still suspended from his duties by Mr Yeltsin on corruption allegations, immediately said that Mr Yeltsin had dismissed himself from power by breaching the constitution, and that he was now president. "This is a direct violation of the constitution," he said, from within the White House, or Russian parliament. "It is an open state coup".

The leadership of the Russian parliament named Mr Rutskoi acting president. Mr Ruslan Khasbulatov, the parliamentary speaker, speaking at a press conference immediately after Mr Yeltsin's address on TV at 8pm Moscow time, appealed to all military, interior troops and militia to disobey orders from a "criminal" president.

He called on all regional and republican parliaments throughout Russia to hold immediate sessions to denounce the president's actions, and issued a call to workers to strike in defence of the constitution.

Mr Yeltsin said in his address that he had taken all necessary measures to ensure security – and lorryloads of troops were deployed last night outside buildings such as the interior ministry.

Mr Yeltsin said anarchy could not be allowed in a country possessed of nuclear weapons. His action, he said, was necessary both to preserve democracy and the still weak Russian market.

Prime minister Viktor Chernomyrdin said that the cabinet supported Yeltsin. He also said there were no unusual troop movements and that there would be no attempt to storm the White House.

General Rutskoi said that troops from the interior ministry's elite Dzerzhinsky division, based at Balashika 50km from Moscow, were moving into the city centre – but there was no independent confirmation of this last night.

"Combat action is a possibility," said General Rutskoi."We must act now to stop a slide towards civil war".

Mr Vitaly Zorkin, the chairman of the Constitutional Court, said he was convening a special session of the court last night to review Mr Yeltsin's decree abolishing the parliament. Mr Zorkin, who has clashed frequently with Mr Yeltsin on a range of issues, said only that: "I agree with a commentator who said a minute ago that even Arabs can come to terms with Jews, while here we cannot".

Russian deputies in parliament reported that both their own telephones and the government lines had been cut off.

In Washington, a state department spokesman said that "we are just learning of the events unfolding in Russia at this time". He said that the US embassy in Moscow had less than an hour's notice of the announcement.

Mr Mikhail Gorbachev, the former Soviet president, who is on a trip to Italy, said that Mr Yeltsin's move was "a foolish and undemocratic thing to do".

In his address to the nation, the Russian president said that all efforts at compromise and dialogue with the parliament had come to nought, and that parliament no longer had the right to legislate in the name of the people. He said that he had a higher duty to the preservation of Russian statehood – now under threat – than any adherence to the formal aspects of democracy.

His banning of the Russian parliament, which includes its stand-

Background, Page 2
Russian army, Page 18

DOLLAR, GOLD AND OIL SOAR

The dollar and prices of gold and oil soared after the news from Moscow. The dollar gained more than 2 pfennigs, peaking at DM1.6425. The US currency has traditionally gained at times of international tension, while the D-Mark is affected by concerns about German investment in the former Soviet Union. The December gold contract surged $6.50 to $362.00 an ounce in London, its highest level in two weeks. November futures for Brent blend crude oil rose from $16.35 to about $16.60 a barrel.

Reuter

Boris Yeltsin: dissolved parliament and called fresh elections

Miners blockade threatened Ruhr pit

By Ariane Genillard in Bonn

HUNDREDS of coal miners blockaded the threatened Bergkamen pit in Germany yesterday after Ruhrkohle, the country's largest coal producer, announced 6,000 more job cuts.

The company, which produces 80 per cent of west German coal, said it would close the Bergkamen pit and reduce production by two thirds at two other pits, from January 1994. The move aims to cut output by 3m tonnes of coal and coking coal.

The latest cuts, bringing planned job losses to 18,000 by the end of 1994, were caused by the worsening crisis in the steel industry, the company's second-biggest customer, Ruhrkohle said.

IG Bergbau, the miners' union, said it would organise protests next month before the company's supervisory board meets to ratify the decision, expected in November.

The company said yesterday it had reached a critical situation, with reserves now reaching 20m tonnes of coal and coking coal. "We have run out of space to store it and must reduce capacity," it said.

Ruhrkohle, whose shareholders are west Germany's largest steelmakers and energy groups, is heavily subsidised by the federal government. It has criticised the government for what it sees as its failure to devise a long-term policy ensuring the survival of the mines.

Under the original restructuring plan, decided in 1991, Ruhrkohle's production level was to be reduced by 20m tonnes by 1996 from its 1990 output of 70m tonnes. The plan foresaw that 12,000 jobs would go by 1996 and 20,000 by the end of the century. But the company said it had to accelerate the restructuring programme because of declining orders from steelmakers.

Ruhrkohle wants the government to organise a national round-table discussion on the future of the coal industry and how mines with high production costs will be financed in the long term. But government talks on the introduction of an energy tax have been fruitless, as German coalition parties disagree on how the tax could be levied.

British coal sale, Page 10

France repeats Gatt veto threat and claims victory in reopening Blair House talks

US refuses to modify farm trade pact

By Lionel Barber in Brussels, David Buchan in Paris and Nancy Dunne in Washington

THE US yesterday released its strongest statement so far refusing to renegotiate the US-EC farm trade pact, agreed last November at Blair House in Washington.

Mr Mickey Kantor, the US Trade Representative, said: "Interpretation or clarification of Blair House cannot be a guise for modifying the terms of the agreement." The pact had only been "minimally acceptable to the US and to the EC's other trading partners"; it resulted from "a difficult compromise which the US accepted in its entirety".

Mr Kantor said his plan to meet Sir Leon Brittan, the EC commissioner, next Monday predated the EC's Jumbo council meeting. "Reopening the Blair House agreement will not be on our agenda."

France meanwhile renewed threats to veto a Gatt farm deal unless it obtained fresh concessions but claimed victory at getting the EC to reopen talks with the US.

Mr Edouard Balladur, France's prime minister, expressed satisfaction that the final communiqué of the Brussels meeting reflected France's "essential principles". These were that any farm accord with the US should not go against, or beyond, the EC's own internal reforms, while it should still allow EC farmers preference on their home market and an export role abroad.

But Mr Balladur cautioned that "everything is not settled, for all that". Confirming his role as France's "hard man" on the Gatt farm issue, Mr Alain Juppé, who is secretary-general of the RPR Gaullist party as well as foreign minister, brandished the veto threat again.

There was mixed reaction from France's 1m farmers yesterday. Leaders of the mainstream FNSEA and CNJA unions welcomed the Brussels outcome as a modest first step, but said they still did not trust Sir Leon Brittan to put their demands to the Americans and would prefer France to talk directly to the US.

Coordination Rurale called for "vigilance" among its members, who tried to blockade Paris last week, while two leftwing farm groups – Confédération Paysanne and MODEF – denounced the conservative Balladur government for its "capitulation" in Brussels.

Praising the co-operation Germany had given him on the farm issue, Mr Balladur then criticised "certain European partners" for claiming that "France was putting the community in danger". This appeared to refer to British warnings to France not to precipitate an EC crisis over Gatt.

Sir Leon Brittan, the EC's chief trade negotiator, yesterday brushed aside the French threats. He said the internal EC compromise over Blair House – agreed around 3am yesterday – had "cleared the air", leaving no excuse for other major trading partners to delay new Gatt offers and push the Uruguay Round to a successful conclusion.

Sir Leon also stressed the unanimous agreement of all 35 EC foreign, farm and trade ministers in the final communiqué that December 15 was a serious deadline, countering recent French suggestions that the date had been imposed by the US.

Under the compromise, Sir Leon's brief is to explore whether the US is willing to show new flexibility in "interpreting, amplifying or clarifying" parts of Blair House, without however requesting a formal renegotiation of the EC-US agreement.

Sir Leon was at pains to insist that the new guidelines on sounding out the US on Blair House did not amount to a new negotiating mandate. "The Council [of ministers] wisely discussed these issues, but did not tie the Commission's hand."

The Gatt deal, Page 8

German coalition faces row over plan to cut holiday pay

By Quentin Peel in Bonn

LEADERS of the German government coalition yesterday hit upon a new source of cash to paper over cracks in their own unity: the holiday pay of German workers.

They came up with an extraordinary scheme to cut holiday pay packets by 20 per cent on each of 10 national holidays – such sacred days as Christmas, New Year's Day, Easter Monday, May Day, and even the newly created Day of German Unity – in order to help pay for a new pillar of the social state.

Their plan was received with incredulity in the labour movement and dismissed by employers as irrelevant. The trade unions promised to complain direct to the supreme constitutional court.

The idea behind the new assault on holiday pay is somehow to find a way of compensating German employers for the cost of a multi-billion D-Mark social insurance scheme, intended to finance the costs of home nursing care for the old and handicapped.

In itself the scheme is highly popular, which is why Chancellor Helmut Kohl wants to push it through parliament before next year's elections. The trouble is, he cannot find any way of funding it which satisfies either his own coalition or the opposition Social Democratic party.

The latest financing plan, worked out late on Monday night by party experts, and agreed yesterday morning by leaders of the three-party coalition, is supposed to replace an earlier plan to cancel sick pay for workers for up to six days a year. That was abhorrent to the labour movement.

The government has promised to find some way of financing the scheme so that employers are "compensated" for their higher insurance contributions, which they regard as economically suicidal, coming as they do in the middle of an economic recession.

Yet the latest plan was immediately denounced by employers too. The BDA, the employers' federation, said the deal to dock holiday pay "makes the wrong model of financing no better. The expected soaring costs (of the scheme) and the added burden on jobs in the future will not be prevented."

As for the SPD and the unions, they have declared their abiding opposition. DAG, the federation of white collar workers, announced its intention to appeal

Continued on Page 18

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Die is cast in Russia for a fight to the finish

By John Lloyd in Moscow

THE DIE, long awaited, appears to be cast. In his television address to the nation, broadcast at 8pm Moscow time on the channel still received in most parts of the former Soviet Union, President Boris Yeltsin finally and explicitly acknowledged that he could not create new constitutional forms of government without breaching the present, Soviet era constitution. He has decided to do so: and has signed the order dissolving the parliament.

It has been an excruciating delay since, in April, he received the support of the Russian people in a referendum for himself and for his economic policies. That vote, surprisingly positive from a people wearied of political squabbles and economic decline, was followed by further squabbling (at a higher pitch) and further decline (at a faster rate).

Mr Yeltsin had identified two projects which he was determined to set in train. One was the creation of a federation council which would form the top tier of a new, two-chamber parliament, to be known as the federal assembly. It is this last body which, last night, he said would be the supreme legislative body in the country - even though, last weekend, at their meeting in Moscow, the regional leaders refused to agree to their transformation into the new assembly's upper tier.

The second was the publication of a new constitution, to lay the legislative basis for the vexed question of the division of power between the presidency, parliament, government and regional and local administrations. He wanted at very least an electoral law and a "short constitution" allowing elections to the new body which would supersede the standing Supreme Soviet and its Congress of People's Deputies.

Parliamentary leaders, with their own draft of a constitution, had appealed to the president to meet them to discuss merging the two drafts. This appeal, apparently, had fallen on deaf ears, probably because the president and his advisers did not believe that a draft outlining a strong presidency and a subordinate parliament could be merged with one calling for a strong parliament and a presidency confined largely to foreign affairs, nominations of leading government figures and ceremony.

Mr Yeltsin devoted at least half of last night's address to attempting to show that all his efforts at compromise over the past months had been in vain,

Yeltsin: has the loyalty of most of the armed forces Reuter

Rutskoi: now considers himself president Associated Press

saying that in the last few days it had become obvious no co-operation between presidency and parliament was possible.

"Parliament," he claimed, "has been seized by a group of persons who have turned it into the staff of the irreconcilable opposition. Hiding behind deputies, this group is pushing Russia towards the abyss... (it has) lost its right to be in control of the crucial levers of state power."

As well as a stasis of political power, the president has seen a collapse of any hopes of economic regeneration this year. Inflation, lowered in the spring to around 15 per cent a month, reached around 30 per cent in August. Mr Boris Fyodorov, the finance minister, said in an interview published yesterday that it would not fall below a 15-20 per cent range this year. Decisions by the parliament to increase spending on a range of social and industrial programmes would have pushed the deficit up to around 25 per cent of GNP - and Mr Yeltsin's refusal to sign the budget into law was held by Mr Ruslan Khasbulatov, the parliamentary speaker, to be a breach of the constitution.

In naming Mr Yegor Gaidar, the former acting prime minister, to be first deputy premier in charge of the economy, the president again defied a parliament which had brought about Mr Gaidar's dismissal from office last December. In his appointment, Mr Yeltsin was also trying to address the fears of the Group of Seven nations and the International Monetary Fund that the reformers were hopelessly off track and could not attract more assistance while they remained so.

Now that he has, in a stroke, rid himself of his opponents, he will presumably give free rein to Mr Gaidar and to the reformers to bring in the measures about which they have spoken for so long - tight credit, cuts in budget programmes and faster progress in privatisation.

In the two weeks before his dramatic address, the president had taken care to be seen with crack divisions of his demoralised army, all of them stationed round Moscow. He has in General Pavel Grachev a defence minister thought to be loyal. He has just appointed a new minister of security in Mr Nikolai Golushko, who now commands the still-massive KGB and must be presumed to be the president's man. Mr Victor Yerin, head of the interior ministry which itself has an army of troops at its disposal, must also be assumed to be in the president's camp since parliament had sought to have him dismissed.

How far these leaders are sure of their subordinates is another matter. The army's pay has been raised to or above average levels, but it has at times not been delivered. Thousands of officers are in temporary accommodation as winter approaches. Thousands more are simply resigning their commissions.

General Alexander Lebed, the popular commander of the Russian forces in the Transdnestrian area of Moldova, recently wrote in Pravda that the armed forces were on the brink of a "catastrophe". Mr Khasbulatov has made efforts to bring the military under parliamentary control, while charging that the president and government were deliberately destroying the defence potential of the country.

Finally, the decision to claim the presidency by Mr Alexander Rutskoi, vice-president and a decorated veteran of the Afghan war - whose senior officers are in the high command of the military - may swing some officers away from their commander-in-chief. Mr Khasbulatov's call last night was explicit - do not obey Mr Yeltsin's orders, and parliament will protect you from the consequences.

Yeltsin defends action to 'break this disastrous, vicious circle'

The following are excerpts from Mr Boris Yeltsin's live television address to the Russian people last night:

"Parliament has been seized by a group of persons who have turned it into the staff of the irreconcilable opposition. Hiding behind deputies, this group is pushing Russia towards the abyss

"My duty as president is to state that the current corps of deputies has lost its right to be in control of crucial levers of state power. The security of Russia and its peoples is more precious than a formal obedience to contradictory norms created by the legislature.

"These will not be fresh elections to the Congress or Supreme Soviet [parliament].

"According to a presidential decree which has already been signed today, Congress of People's Deputies and the Supreme Soviet cease to perform their... legislative functions. There will be no more Congress sessions. Deputies' credentials are invalid.

"I appeal to the leaders and peoples of foreign states, to our friends abroad - there are lots of them around the world. Your support is important for Russia. The measures to which I had to resort were the only way to defend democracy and freedom in Russia.

"Any actions aimed at preventing elections will be considered illegal and persons involved in these actions will be brought to account under criminal law.

"The already weak legal foundation of the already weak Russian state is being deliberately eroded. Laws are being approved for the sake of momentary political goals. Most of the sessions of the Supreme Soviet have been going on with violations of the established procedures. That discredits the very foundation of parliamentarianism.

"The only way to overcome the paralysis of state power is to fundamentally renovate it on the basis of the rule of the people and constitutionality.

"The current constitution doesn't allow that - neither does it allow for the passage of a new constitution. Being the guarantor of security of the state, I must offer a way out of the stalemate, and to break this disastrous, vicious circle."

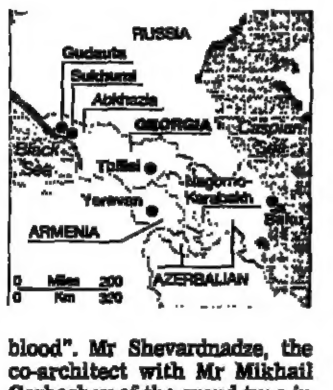
War-torn Georgia near collapse

By John Lloyd

GEORGIA presents the most miserable spectacle of any of the countries which achieved "independence" since the collapse of the Soviet Union. Economically prostrate, in the process of being dismembered, its head of state now in danger of death or capture by secessionists, it is close to collapse as a functioning state.

The present conflict centres on the formerly pleasant resort of Sukhumi, capital of the Abkhazian autonomous republic - where Abkhazian forces, seeking independence for their state, yesterday claimed to have advanced to within 300 metres of the Georgian government headquarters in the town, having taken the TV tower and a hill overlooking the city administration building.

Mr Eduard Shevardnadze, the head of state, is in the city, possibly in that building; with him is Mr Gia Karkarishvili, the defence minister. Both have called for Sukhumi to be defended "to the last drop of



blood". Mr Shevardnadze, the co-architect with Mr Mikhail Gorbachev of the grand turn in Soviet foreign policy which brought an end to the cold war, may end his days in the hopeless defence of a provincial capital in a small country whose fate he has made his own.

Histrionic and impulsive, the Georgian leader also seems to have been betrayed by the Russians. He agreed with foreboding to a Russian-guaranteed ceasefire with Abkhazia. When the Abkhazians broke it with a ferocious attack on Sukhumi last weekend, the Russian Foreign Ministry threatened sanctions against Abkhazia. But it now appears clear that Russian policy, at least that followed by the Defence Ministry, is solidly pro-Abkhazian. "It is already too late to help them," he told the visiting UK defence secretary, Mr Malcolm Rifkind, on Monday.

Georgia's humiliation at the hands of Abkhazian formations, armed with modern, sophisticated weapons, is an object lesson in the crudity of Russian pressure. Russia's assistance to the Abkhazians has been matched by its absence of support for Georgia. For the Georgians, the question of mending fences with Russia has arisen.

The Abkhazian forces seem likely to prevail in Sukhumi, and thus to consolidate control in territory from which the Georgians have largely been expelled - in spite of the fact that they outnumbered the Abkhazians by nearly three to one.

Abkhazia has made it clear it wants its autonomous status safeguarded by Russia, not by Georgia. It is not alone. South Ossetia, another autonomous region, was also at war with Georgian forces two years ago. Peace was secured last year by Russian troops. Adjaria, the third autonomous area, where comparative peace has been observed, is also distrustful of Tbilisi, but lacks a common border with Russia.

The lesson few Georgian politicians have learnt is that all non-Georgian peoples in the republic appear to prefer Russian to Georgian rule. Further, the man displaced to make room for Mr Shevardnadze - former President Zviad Gamsakhurdia - has not given up his ambitions to return.

His troops have taken most of the towns in Mingrelia, the region in the centre of Georgia from where Mr Gamsakhurdia originates. They say that they have suspended hostilities, ostensibly to assist in the government's efforts to hold Sukhumi. Their column, which set out from the town of Ochamchira on Monday to fight its way into Sukhumi, has yet to appear in the Abkhazian capital.

Some of the 15,000 demonstrators who gathered outside the Ukrainian parliament in Kiev yesterday as deputies accepted the resignation of the prime minister, Mr Leonid Kuchma. Mr Kuchma had lost patience with opponents of his economic reform plan Reuter

Exports lift Irish economic performance

THE Irish economy is forecast to grow by 2.25 per cent this year, according to the country's main independent economic research body, the Economic and Social Research Institute (ESRI).

The key to growth has been "the growing market share of Irish exports, particularly in the UK and the continental EC countries, due both to the impact of high-technology industry and to the improved competitiveness of more traditional industries", the institute says in its quarterly bulletin published yesterday.

Total exports of goods and services are forecast to rise by 4.75 per cent in volume and 7 per cent in value this year, with the strongest growth expected in manufactured goods, especially in high-technology exports. Manufactured exports are expected to rise by 8.5 per cent in value to I£12.5bn in 1993, and by a further 10.5 per cent to I£13.8bn in 1994.

Agricultural stocks are expected to decline significantly this year and next as reforms in the EC's Common Agricultural Policy continue to take effect, reducing the quantities of produce sold into intervention and as existing intervention stocks are run down.

Non-agricultural stocks are increasing, however, "as stock levels are deliberately raised in line with the expected acceleration in economic growth".

A 2 per cent fall in the volume of fixed investment last year has tempered investment forecasts for 1993, with volume growth expected to be only 1.25 per cent, and private construction showing an overall contraction.

This is expected to reverse in 1994, however, with volume surging 4 per cent and value by 7 per cent to I£5.2bn, stimulated by historically low real interest rates and high levels of public sector construction financed from increased levels of EC structural and cohesion funding.

Unemployment should stabilise around 300,000 at the end of this year, the institute says, but it warns that the effective collapse of the ERM and loss of currency stability will mean pay restraint will be important to maintain strong growth and improve job creation prospects.

"The ending of the currency stability which pertained from 1987 to mid 1992 has been a significant loss to the Irish economy, as it has removed predictability and increased perceived risk in both trade and investment decisions," the ESRI notes.

The institute expects a further depreciation of sterling which will put pressure on Irish competitiveness and wage rates.

It therefore suggests that "minimal basic pay increases, with *post facto* bonuses in the absence of currency shocks" could be the most appropriate incomes policy in the face of exchange rate uncertainty.

Dutch abandon attack on deficit

By Ronald van de Krol in The Hague

THE Dutch government yesterday abandoned its target for cutting the 1994 budget deficit, because of slower economic growth and sharply rising unemployment.

The 1994 budget, presented to parliament yesterday, calls for a budget deficit equivalent to 3.9 per cent of net national income. This is unchanged from this year, but above the 3.25 per cent target set in 1989, when Mr Ruud Lubbers, the veteran Christian Democrat leader, began his third term of office.

The government also published projections showing that growth in gross domestic product will be flat this year but should return to a rate of 1 per cent growth in 1994.

Unemployment will rise this year and next, with 715,000 people expected to be drawing unemployment benefit in 1994, a new post-war high. This is equivalent to an unemployment rate of just over 10 per cent of the workforce.

Total government spending will be reduced next year to Fl 198.7bn ($110.3bn) from a projected Fl 207.1bn in 1994. Slower economic growth will cause state revenues to drop even more sharply to Fl 178.1bn from Fl 195.7bn this year. The government expects inflation to fall to 2 per cent this year, from 3.3 per cent last year, but then to rise to 3 per cent in 1994.

Ekostahl subsidy could hit EC steel plan

By Andrew Baxter in Brussels

THE European Commission's controversial restructuring plan for the steel industry could fail if Germany insists on subsidising new capacity at Ekostahl in eastern Germany, warned Mr Martin Bangemann, EC industry commissioner, in Brussels yesterday.

Mr Bangemann was speaking after a meeting of EC industry ministers in which the future of the east German plant emerged as the key remaining obstacle to a resolution of the subsidies issue - which would clear the way for restructuring to go ahead. Mr Bangemann said the Commission hoped to be able to propose a "reasonable" solution in the next two to three weeks for Ilva, the state-owned Italian producer.

Talks between the Italian government and the Commission had stalled in the summer over capacity cuts at the heavily-indebted steelmaker, but are now making progress. Further high-level talks were held yesterday between the Commission and the Italian delegation to yesterday's meeting.

"We have already found a solution to the Spanish case," said Mr Bangemann, referring to the restructuring plan for the main Basque plants agreed by the Commission, Madrid and the Basque government in recent weeks. "It depends on the attitude of the German government as to whether we can complete the package."

Industry ministers need to approve settlements of all the three main subsidy issues - Ilva, Ekostahl and CSI in Spain - before the private sector steelmakers come forward with their own offers of capacity cuts.

The original deadline for achieving this was September 30, but the Commission still hopes that all the subsidy issues can be resolved by November 18, when industry ministers meet again. The list of some 30m tonnes of capacity cuts could then be completed by the end of the year and implemented in 1994.

Mr Karel Van Miert, competition commissioner, said the Commission could not object to new capacity being built at Ekostahl or elsewhere if it was privately financed. But if a majority of the funding came from the state, the Commission would be unable to recommend that industry ministers approve it.

Otherwise, yesterday's meeting made some headway, with all ministers expressing the need for urgency and for real cuts in capacity.

Two smaller state subsidy issues, involving Freital in Germany and Sidenor in Spain, were resolved in principle, but delegations from the UK, the Netherlands, Denmark and France insisted they should not be approved finally until all subsidy issues were settled.

● The European Commission said it had opened an inquiry into a planned venture between Germany's Mannesmann, Valtubes, a unit of France's Vallourec, and Dalmine, a subsidiary of Italy's state steelmaker Ilva, to see whether competition in the market would be badly damaged by the alliance, Reuter reports from Brussels.

● German steelmakers yesterday said they would appeal in the US Court of International Trade against the US government's decision to impose stiff dumping duties on steel products from 19 countries, writes Ariane Genillard in Bonn.

US, German air talks near climax

By Paul Betts, Aerospace Correspondent, in London and Quentin Peel in Bonn

NEGOTIATIONS between the US and Germany on a new aviation agreement between the two countries are expected to reach a climax this week and threaten to have significant repercussions for airlines on both sides of the Atlantic.

If agreement is reached during the latest round of talks starting in Bonn today it would clear the way for a far-reaching collaboration deal between Lufthansa, the German airline, and United Airlines, one of the three biggest US carriers.

However, both sides are still deadlocked on a series of controversial issues.

Germany has already threatened to abrogate the existing bilateral aviation agreement which expires at the end of next month. It would follow the example of France which has already abrogated its aviation agreement with the US.

Germany, like France, has complained that US airlines have had an unfair advantage over their national carriers because old bilateral accords have given US carriers virtually unbridled access into their markets without similar access for their airlines in the US.

Lufthansa has suffered a drastic loss of market share on north Atlantic routes since 1989 when US carriers started intensifying their drive into the German market. The German airline has seen its market share drop from 40 per cent to barely 25 per cent during this period.

Lufthansa urgently needs to improve its yield on transatlantic routes which account for about 20 per cent of its overall business and contributed significantly to an operating loss of DM482m (£195m) in the first five months of this year.

The German government is seeking two important concessions from the US including a three-year freeze on capacity on North Atlantic routes and agreement to allow Lufthansa to enter a code-sharing partnership with United Airlines.

Code-sharing, a marketing arrangement between two airlines, allows them to use each other's identification codes in computer reservation systems. This would allow Lufthansa to book passengers to far more US destinations and in turn offer the same advantage to United in Germany.

It would also place Lufthansa on a more competitive footing against British Airways, which has an equity partnership and code-sharing deal with USAir, and KLM Royal Dutch Airlines, which has a similar arrangement with Northwest Airlines. Air France has also recently negotiated a commercial agreement with Continental Airlines.

But the US in return is asking Germany to allow Northwest the right to extend its Amsterdam services to the German market through its code-sharing arrangements with KLM.

This has been opposed so far not only by Lufthansa but also by another US carrier, Delta, which has invested heavily in developing a hub at Frankfurt by acquiring the German business of the now defunct Pan American Airways.

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Moslems say sea access agreed

By Gillian Tett

BOSNIAN Moslem leaders yesterday said that they had reached an agreement with Croat leaders on the crucial question of access to the sea for the Bosnian Moslem republic, potentially clearing one of the main obstacles to a broader peace deal.

Speaking in Zagreb, Mr Haris Silajdic, Bosnian foreign minister, said that the dispute over access to the Adriatic had been resolved during secret talks between Croat, Serb and Bosnian Moslem leaders on a British naval vessel in the Adriatic on Monday.

But in an apparent blow to a rapid agreement, Bosnia's Moslem President Alija Izetbegovic yesterday said he could not recommend acceptance of the latest peace plan to end the republic's 17-month war.

"I personally am not inclined towards that proposal," he said in Sarajevo.

The Bosnian parliament is due to meet next Monday to consider accepting the peace plan, which would create a loose "union" of three ethnic mini-states.

> 'We are closer to a solution than at any time in the history of the negotiations'

Mr Thovald Stoltenberg, international mediator, yesterday said although negotiators had been forced to cancel their plans to hold a signing ceremony in Sarajevo yesterday "we are closer to a solution than at any time in the history of the negotiations."

According to Mr John Mills, the mediators' spokesman, the latest peace proposals would give the Bosnian state a port on the River Neretva near the village of Celjevo, joined by an additional corridor to the Moslem state, and a 99-year lease on a facility on the Croatian port of Ploce.

Although the Moslems have repeatedly demanded that the village of Neum should be their port, on the grounds that this was the sea outlet for the former Bosnian republic, the Croat leadership have resisted this, arguing that Moslem control over Neum would leave the Croat port of Dubrovnik dangerously isolated.

But, after a Franco-German scientific delegation confirmed Neum would be ill-suited for a deep water port, pressure mounted on Mr Izetbegovic to accept an alternative solution.

Meanwhile, heavy fighting was yesterday reported to be continuing in central Bosnia, in defiance of the latest ceasefire accord. Moslem troops were reported to be advancing on Croat-held areas in the central Bosnian town of Vitez, and on Mostar, further south.

And in a grim omen for the coming winter, ten people were yesterday reported to have died of starvation in the central Bosnian town of Zenica, where some 150,000 Moslems have been increasingly isolated by recent fighting between Moslem and Croat forces.

Mr Ray Wilkinson, of the UN High Commissioner for Refugees in Sarajevo said fighting between Moslem and Croat forces had left the UNHCR able to deliver only 13 per cent of estimated food needs to Zenica's population.

Victims of last week's massacre in the Bosnian Croat village of Uzdol, blamed on Bosnian army police, are buried in Prozor Reuter

Ski resort bristles with Serb menace

Laura Silber visits a Bosnian stronghold

THE people of Pale in Bosnia can tell you how Serbs and Moslems lived alongside each other in peace before war began in April last year. They remember those times, but now they speak the language of war – of military victory and of their contempt for their Moslem adversaries.

Pale, the Serb mountain stronghold just 10 miles above the besieged Bosnian capital of Sarajevo, was once a prosperous ski resort, hosting the 1984 Winter Olympics. Now it is overrun with soldiers and refugees, and is the makeshift headquarters of the self-styled Bosnian Serb state.

Every home is surrounded by stacks of wood in preparation for the harsh Bosnian winter, as townspeople tend their gardens. Flocks of sheep wander through the village streets crowded with men in khaki uniforms.

Serb artillery guns are positioned just outside the town nestled in picturesque mountain peaks dotted with wooden chalets and fields filled with livestock.

"The only solution is to defeat the Moslems militarily," said 40-year-old Mrs Biljana Rajic, a hairdresser, showing no trace of regret as she speaks of her former countrymen.

Many of the townspeople show impatience and contempt for their Moslem adversaries.

They blame the Moslems for the 18 months of destruction and war. They name Mr Alija Izetbegovic, Bosnia's president, as the main obstacle to peace.

A Bosnian Serb soldier, Marko Subotic, remained defiant: "We are not going to make new territorial concessions that Izetbegovic is seeking. He is only trying to stop the peace process by demanding access to the Adriatic or more land."

Some accuse Mr Izetbegovic of orchestrating revenge against their new Serb state. Mr Ljubomir Klacar, a 59-year-old labourer, said: "They want access to the sea only to smuggle in weapons."

Serb nationalists in Pale yesterday warned that the Moslems faced total military defeat if they rejected the proposed tri-partite division of Bosnia into ethnic mini-states. Mr Izetbegovic, they said, would have to endorse the plan put forward by international mediators or lose everything.

Mr Bozidar Kostovic, a former trade clerk turned fighter, said: "Serbs have already ceded 20 per cent [of Bosnia]. The Moslems hold 10 per cent but are refusing to agree to the plan which gives them 30 per cent."

"A solution will be reached only when the Moslems lose what they hold now. Then they will talk."

Even after the cancellation of yesterday's meeting in Sarajevo to sign an agreement on Bosnia's division, Mr Slavisa Rakovic, senior adviser to the Bosnian Serb state, remained optimistic the plan would soon be endorsed.

Although he admitted the partition might unleash a further exodus of refugees, Mr Rakovic said: "If there is a successful settlement here, I don't see any possibility of the war spreading."

Although he called Mr Izetbegovic the main "loser", he dismissed Bosnian objections that, under the peace plan, their landlocked republic would be doomed, wedged between hostile Serb and Croat states.

Poor prospects seen for incomes in east Europe

By Gillian Tett

IT will take 35 years for eastern European incomes to reach even half the level of average western incomes under current predictions for economic growth, Mr John Flemming, the chief economist at the European Bank for Reconstruction and Development, said yesterday.

His sober prediction came as the EBRD issued its annual economic outlook, which examines the pace of economic reform in eastern Europe, four years after the collapse of the Berlin Wall.

With the economic fortunes of east European countries varying enormously, the bank refrains from proscribing a single solution for transition to market economies.

But with all east European countries experiencing a contraction in their economies in the past three years, ranging from a fall in GDP of 19.4 per cent in Georgia to 3.1 per cent in Belarus, the report warns that overall recovery may be slower than previously hoped.

Although most economists agree that growth will resume in 1994, predictions vary wildly, Mr Flemming said.

Ukraine, which some economists believe will see its GDP collapse by a further 10 per cent next year, represents the gloomy end of the spectrum. More optimistically, the Czech Republic, Poland and Hungary are predicted to have growth rates of around 4 per cent.

But since the economies of the OECD countries are forecast to grow by 2 per cent, even 4 per cent growth in eastern Europe will not allow the region to catch up with western Europe for many decades, Mr Flemming added.

"What is needed to close the gap is the growth we have seen in the Pacific rim," said Mr Flemming, citing China's economic growth rate of 10 per cent, "but no one is predicting that type of growth in eastern Europe."

Little fall is predicted in inflation levels, which run from the low "teens" in the "success stories" such as Poland to 1,000 per cent in Russia.

As a result, the report suggests the punitively high levels of effective marginal labour and capital tax rates create "dismal prospects for private investment... that have not been widely appreciated."

The Annual Economic Outlook from The EBRD Economic Review. One Exchange Square, London, EC2A 2EH.

Poland may get left-of-centre government

By Anthony Robinson and Christopher Bobinski in Warsaw

THE prospect of a left-of-centre coalition government in Poland increased yesterday after the Democratic Union (UD), the mainstream Solidarity party, said it would not join a coalition with either of the two victorious parties with their roots in the communist past.

The UD leadership said it was the duty of the two parties that won the election, the Left Democratic Alliance (SLD) and the Polish Peasants party (PSL), to form a government. "These parties have aroused social expectations which cannot be fulfilled, and we don't intend to join such a government," it said.

In response Mr Alexander Kwasniewski, the SLD leader, giving his first post-victory press conference, yesterday concluded: "This means we will have to start talks with the PSL and the Union of Labour [UP] on the possibility of forming a coalition with them."

The UP, led by Mr Ryszard Bugaj, won 7 per cent of the votes and around 42 seats, and although left-wing on many social issues, is deeply anti-communist and unlikely to agree to an alliance which includes the SLD.

The SLD, with over 20 per cent of the vote and around 173 seats, and the PSL with over 15 per cent of the vote and around 130 seats, together command a "constitutional majority" of over two-thirds of the 460 seats in the Polish Sejm, the lower house of parliament.

This not only gives them the opportunity to govern in coalition with each other, but also gives them the power to dictate the terms of the new constitution needed to replace the present interim "Mala Konstytucja", or small constitution.

One of the issues to be decided is the future division of powers between the elected president and the parliament. Mr Kwasniewski denied yesterday that the SLD intended immediately to cut powers enjoyed by President Lech Walesa or his term in office, which runs until autumn 1995.

But he made clear the SLD would press for a future constitutional model in which the president plays a less active political role, stepping in only when needed as an arbiter. But he added: "The constitutional question will have to the subject of a broad-based debate in and outside parliament."

Asked about what he had to say to foreign investors Mr Kwasniewski replied, in English, "Don't worry. Foreign investment is essential if the economy is to be revitalised," adding that the SLD in government would press the EC for a timetable for Polish entry.

Muted welcome for interest rate cut

By William Dawkins in Tokyo

JAPANESE business leaders gave a muted welcome to yesterday's three-quarter percentage point cut in official interest rates.

The cut, the seventh since early 1991, brings the Bank of Japan's official discount rate from 2.5 per cent to a new low of 1.75 per cent, a quarter of a point below what the markets had been expecting. It follows last week's Y6,150bn (£38.7bn) package of government spending.

Mr Yasushi Mieno, central bank governor, said he saw no sign of a recovery in domestic demand, but the rate cut should help return the economy to a "non-inflationary sustainable growth track". Senior industrialists welcomed the cut but doubted whether it would be enough to revive the economy and repeated calls for income tax cuts.

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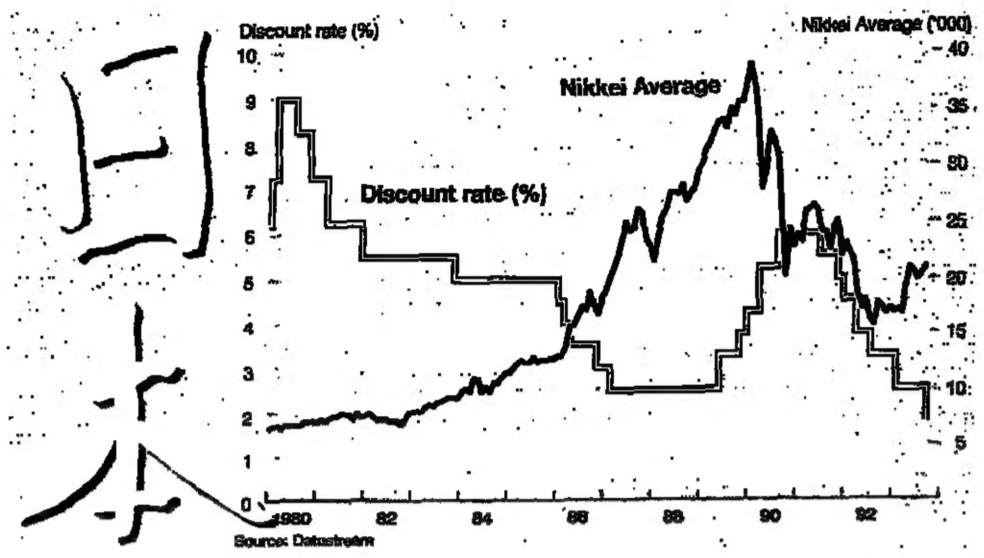


Source: Datastream

The coalition government is divided on income tax reductions, which are being studied by an official panel as part of a general reform of the tax system. The administration plans to consider a fiscal stimulus only if the economy remains stagnant by the end of the year.

The Keidanren, the economic federation and leading mouthpiece for the business community, would evaluate the rate cut, said Mr Gaishi Hiraiwa, its chairman. The move showed the bank realised the economy was in a worse state than it at first thought, he said.

Mr Takeshi Nagano, chairman of the Nikkeiren employers' organisation, said he was unsatisfied with the size of the cut; there was room for more. The Japan Automobile Manufacturers' Association agreed: it warned that an interest rate cut alone was not enough to stave off fears of a double-dip recession.

Officials from the steel, electrical machinery and precision instrument industries added that they could only increase capital investment if they government took steps to stimulate personal consumption.

Household spending fell for the third month running in July, because of cool weather and a decrease in summer bonuses, said the Management and Co-ordination Agency. Average July spending was, in real terms, 2.3 per cent below the same month in the previous year.

The only significant private sector welcome for the rate cut came from the Zenginkyo bankers' federation, whose chairman, Mr Tadashi Okuda, said it should have a great psychological effect.

Analysts doubted that the cut would have a big impact on borrowing costs, since rates on three-month certificates of deposit, at which commercial banks lend to each other, have already fallen since early August.

The Bank of Japan is expected to try to nudge market rates down again to encourage a drop in the prime rate, on which commercial banks base their lending to business. "At least this takes monetary policy off the plate for the next six months. It means that taxes will now be the focus of interest," said Mr Robert Feldman, chief economist at Salomon Brothers Asia.

Share and bond prices rose slightly as a result of the move, with the Nikkei index up 200.62 points to 20,466.65.

Japan to ask US to curb budget deficit

By William Dawkins

MR MORIHIRO HOSOKAWA, Japan's prime minister, plans to ask the US to curb its budget deficit and improve industrial competitiveness when he meets President Bill Clinton next Monday.

He told parliament in a policy speech yesterday: "Our country will strive to achieve non-inflationary economic growth based on domestic demand and improve access to its markets. At the same time, [Japan] will ask the US to cut its budget deficit and boost its international competitive edge."

Mr Hosokawa will meet the US president for their first summit after addressing the United Nations general assembly in New York. This will be scrutinised closely by the Japanese public as the first test of the new prime minister's statesmanship and his ability to stand up to the US.

Relations between Washington and Tokyo are becoming sensitive again as they enter the second week of talks on trade and economic co-operation, clouded by a fresh spate of scandals over alleged bid-rigging in Japan's construction industry.

His speech, Mr Hosokawa's second policy statement in the Diet, the lower house of parliament, was designed to set the tone for a 90-day special session to debate political reform, due to end on December 15. He repeated his pledge to push through plans to reform the corruption-prone political system by the end of the year and to pursue plans to reform Japan's administration and deregulate the economy.

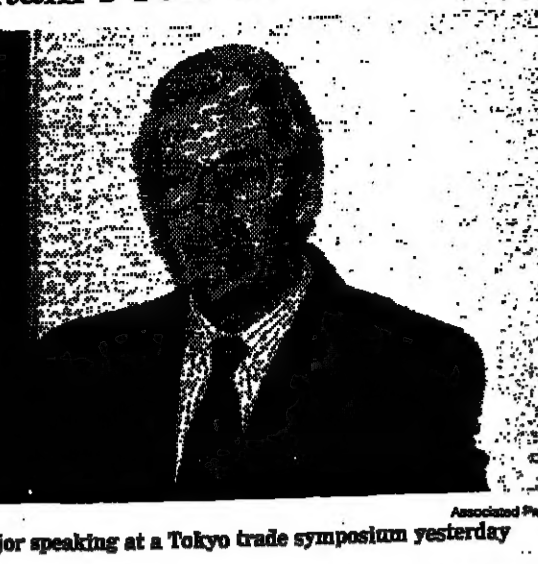
He used the occasion to underline the wider importance of political reform to Japan's place in the world. "Japan has been beset with the scandal of political corruption virtually every year and the spectacle of the Diet in a frenzy trying to deal with these scandals has not only exacerbated distrust of politics but even threatens to undermine Japan's international credibility."

On deregulation, he argued it was vital to pass on benefits of Japan's economic power to ordinary people. Mr Hosokawa expressed the highest respect for those who worked single-mindedly since the end of the war to achieve economic and industrial growth.

Major stresses Asian priority for Britain

Kevin Brown on Britain's role as 'best friend'

AS MR John Major moved on yesterday from Japan to Malaysia, it was clear that the fuss in the UK over his leadership has obscured an important shift of emphasis in British relations with Asia.



Associated Press

John Major speaking at a Tokyo trade symposium yesterday

The UK prime minister went out of his way during the trip to stress the government's determination "to give Asia a new place in our national priorities," and even spoke of a "special relationship" with Japan – a phrase historically associated with the US.

"Until the 1980s," Mr Major said at a dinner with Mr Morihiro Hosokawa, Japan's prime minister, "we in Britain were frightened of your surging economic might." Now, he said, the old barriers were down.

At times, Mr Major's enthusiasm for things Japanese exceeded that of his hosts. He suggested, for example, that Japan could become a permanent member of an expanded United Nations Security Council as soon as it wished.

The suggestion reflected Britain's increasing sympathy for Japanese international aspirations. Perhaps it was not Mr Major's fault that it was delivered at the very time that Japan is toning down its campaign for security council membership because of domestic opposition by pacifists.

Nevertheless, Mr Major made his point. In case anyone should misunderstand, the message was rammed home by the highest-powered business delegation ever to leave British shores – including senior executives of a dozen leading companies such as GEC, British Telecom, British Gas, Rolls-Royce and Cable & Wireless.

Part of the presentation problem faced by the British party was that there were no attention-grabbing contracts to be announced, in contrast to Mr Major's last such trip, to India. Nevertheless, the trade element of the visit was judged more of a success than the much larger trade mission to Japan led last year by then US President George Bush, which was widely regarded as too large and overly aggressive.

For example, Rolls-Royce, which powers most of Japan's maritime self-defence force, said the trip had provided a useful opportunity to lobby for an order worth up to £1.2bn over 20 years to supply engines for Japan Air Lines' new fleet of Boeing 777 aircraft.

There were also signs of movement on improved access to the Japanese market for Britain's insurance, financial services and legal sectors. Guinness, the drinks group, said it hoped the trip would increase pressure on Japan to honour its Gatt commitment to equalise excise duties on domestic and imported spirits.

The Japanese were pleased, too, by the British party's enthusiasm for inward investment and the prime minister's rejection of managed trade as a solution to the £5bn trade gap between the two countries. Mr Major's message that multilateral trade is "good for everyone" was welcomed by Japan, as was his trenchant criticism of Washington's position on sectoral trading targets in US-Japan framework talks taking place in Hawaii.

Mr Major was also given private assurances by Mr Hosokawa that Japan will seek to assist completion of the Uruguay round of Gatt negotiations in spite of the domestic political difficulties in liberalising its closed rice market.

The friendly tone of the talks reflects in part the ideological compatibility of the British government and its six-week-old Japanese counterpart on issues such as deregulation, which both have made a policy priority.

Underpinning the mutual warmth is an increasingly close economic relationship, which has more than doubled two-way trade from less than £5bn in 1984 to £9.7bn last year.

However, the key element in the relationship is Japan's growing direct investment in the UK, which amounts to 40 per cent of such investment in the European Community. Mr Major made clear to the Japanese that Britain has none of the reservations about inward investment which have created tensions between Tokyo and Washington. Indeed, he lavished praise on the Japanese car factories in Britain, which he said had "changed the way we work".

Mr Major did not say so, but businessmen and officials travelling with his party left little doubt Britain's objective is to cement its position as Japan's "best friend" in the Community – a role that Tokyo appears content for London to play.

Mr Major left open the details of how Britain's putative closer relationship with the rest of Asia will work, limiting himself to an offer to use British security council membership, military expertise and "experience of conflict resolution" to assist Asian friends. Fittingly, however, for the leader of a country emerging from a serious recession, Mr Major's objectives appear to be largely trade-related.

"Already in the Asia-Pacific, Britain is the largest European investor, the largest European exporter of invisibles, and the second largest European exporter of goods. We shall do better," he said.

UK finds success in Malaysia

Kieran Cooke in Kuala Lumpur on the background to Major's visit

TEN YEARS ago Dr Mahathir Mohamad, Malaysia's prime minister, piqued at what he perceived to be British high-handedness on issues ranging from trade matters to increased fees for Malaysian students studying in Britain, instituted a "Buy British Last" policy.

When Mr Major, the UK prime minister, meets Malaysia's leaders today during his official visit to the country he will find attitudes very much changed.

Malaysia is now one of the success stories in Britain's overseas trade and investment drive. Aside from the mainly transshipment traffic through Singapore, Malaysia is Britain's biggest export market in the South-East Asia region.

Britain's exports to Malaysia have nearly trebled in value in the last five years, reaching £636m last year. In the first three months of this year Britain became the leading foreign investor in Malaysia, putting £122m into a variety of projects.

Malaysia's exports to Britain have also been growing strongly, reaching £1.1bn last year. Its economy has been growing at more than 8 per cent in each of the last five years. The country is industrialising fast.

Malaysia's exports to Britain are no longer confined, as in the old colonial days, to the more traditional goods, such as rubber and tin. The manufacturing sector is now leading the country's export drive. Up to April 1993, Proton, the Malaysian car manufacturer, had exported nearly 57,000 of its cars to Britain, where it has become a popular low-priced model.

The improvement in British-Malaysian trade was in large part due to the close relationship through the 1980s between Dr Mahathir and Mrs Margaret Thatcher.

Dr Mahathir espouses many of the beliefs – and an amount of the leadership style – of the former British prime minister. Mrs Thatcher, on a private visit to Kuala Lumpur this month, received red carpet treatment and, in return, was effusive in her praise for Dr Mahathir.

The big breakthrough for Britain in Malaysia came in 1988 with the signing of a memorandum of understanding on defence. Since then Britain has made £1.3bn of defence sales to Malaysia, including 28 Hawk trainer aircraft and two frigates. British officials calculate civil projects have been worth another £1bn in British exports.

But bigger prizes are still to be won:

● Power projects. To keep pace with expected economic growth, Malaysia's power output, now about 5,000MW, needs to grow five times over the next 25 years. The government calculates that in the next 10 years alone M$40bn (£10.3bn) needs investing in the power sector.

To alleviate the financial burden, Malaysia is encouraging private sector participation in its power industry. A multi-million-pound independent power producer (IPP) project involving a British company is expected to be announced during Mr Major's visit.

National Power, the British electricity company, recently withdrew from an IPP project because of contractual differences with the local company involved. However other UK companies such as John Brown, British Gas, Rolls Royce/NEI and the National Grid continue to win substantial amounts of business.

● A new international airport outside Kuala Lumpur is scheduled for completion before the city hosts the Commonwealth Games in 1998. An Anglo-Japanese consortium which includes GEC, Gammon and Balfour Beatty (BB is also lead contractor in a £350m hydroelectric scheme in peninsular Malaysia) is hoping for a large share of the work in the £2bn airport project.

However, Malaysia is pressing for substantial concessionary finance from Britain.

It has also signalled it wants other trade-offs – such as more British landing rights for Malaysia Airlines, the national carrier.

● Other infrastructure sectors in which British companies are pursuing business include upgrading Malaysia's railway network, developing ports, building private hospitals, and work in the country's rapidly expanding telecommunications sector.

Both Shell and BP are involved in petrochemicals projects, while North West Water is finalising negotiations on its 25 per cent stake in a £1.5bn project to privatise the country's sewerage system.

As elsewhere, Britain faces tough competition in winning contracts ahead of Japan and, more recently, Germany and France.

NEWS: INTERNATIONAL

Rabin faces MPs' vote of confidence

By Julian Ozanne in Jerusalem

MR Yitzhak Rabin, Israel's prime minister, yesterday turned a parliamentary debate on the historic Israeli-Palestinian peace accord into a vote of confidence in his government.

Facing desertion by a ultra-orthodox religious coalition partner which is demanding a referendum on the peace accord, he sought to rally parliamentary support at the opening of a stormy two-day debate. A vote on the agreement is due tonight and is expected to give Mr Rabin a wafer-thin majority.

"After 100 years of violence and terror, after wars and suffering there is today a great prospect for a new chapter in the history of the state of Israel," Mr Rabin told parliamentarians in a speech constantly interrupted by heckling. "I call on you to give us a chance to exploit this great opportunity. Let the sun rise."

Mr Benjamin Netanyahu, leader of the opposition Likud party, said the prime minister had thrown away the security of Israelis and called for new elections. Demonstrators opposed to the peace agreement gathered outside the Knesset (parliament).

Mr Rabin can count on at least a 61-59 majority but such a narrow victory might force the government to accept popular demands for a referendum. However, this was rejected by Mr Shimon Peres, foreign minister, who said: "I feel more comfortable with 61 and having peace than with 59 and losing peace."

Mr Netanyahu said the agreement had built a Lebanon in the heart of Israel and tied the hands of the army.

● Judaism and Catholicism edged towards peaceful relations yesterday after 2,000 years of religious persecution and theological conflict. The move came at a meeting in Castel Gandolfo, Italy yesterday between Pope John Paul and Rabbi Yisrael Meir Lau, Israel's chief rabbi of the Ashkenazi (European) Jewish community. Rabbi Lau said after the meeting – the first between a chief rabbi and a Pope since the creation of the Jewish state in 1948 – that the pontiff had said Jews were his "elder brethren" and that the "time is approaching" for a papal visit to Jerusalem – holy to Jews, Christians and Moslems. Israeli and Vatican officials said they were close to reaching an agreement on establishing diplomatic relations.

Reuter

Prime Minister Yitzhak Rabin (right) yawns as he and Foreign Minister Shimon Peres listen to opposition speakers yesterday

New constitution for Cambodia

Victor Mallet on the move which signals the departure of the UN

CAMBODIA'S parliament yesterday adopted a new democratic constitution, signalling the imminent end of the \$2bn (£1.2bn) United Nations peacekeeping mandate in the country and the return to the throne of Prince Norodom Sihanouk.

The 70-year-old Prince Sihanouk is expected to fly to Cambodia from his home in Beijing tomorrow to promulgate the constitution. He will become king for the first time since he abdicated to enter politics in 1955, and will then appoint the leaders of the new government.

"This is a great success for the Cambodian people and the international community," said Prince Ranariddh, Prince Sihanouk's son, after the parliament voted by 113 to five, with two abstentions, in favour of the constitution.

Prince Ranariddh's royalist party Funcinpec won the largest number of seats in parliament in the UN-organised elections in May, and he will be the senior of two prime ministers in the new government.

Many Cambodians, however, remain apprehensive about the future after more than two decades of civil war. Not all of them are happy to see the soldiers and officials of the UN Transitional Authority in Cambodia (Untac) packing their bags ahead of the departure of the last UN contingents in mid-November.

As the constitution was being debated last week, Cambodian human rights activists, western diplomats and Untac officials expressed concern about whether human rights in general and the rights of racial minorities in particular would in practice be safeguarded, and whether it would be possible to create an independent judiciary. Untac is holding four prisoners accused of murder and torture and the interim government has so far refused to take them over and put them on trial.

There are also fears that Prince Sihanouk will be unable to resist involvement in politics, although he is supposed to be a figurehead according to the constitutional monarchy adopted yesterday, and although he says he may have prostate cancer.

Another concern is that Funcinpec and the Cambodian People's party (CPP), the former ruling communist party installed by Vietnam in 1979, will find it difficult to remain in a coalition government.

The interim coalition appears to be working fairly smoothly at the ministerial level in the capital Phnom Penh, and Mr Hun Sen, the former CPP prime minister, has agreed to be junior prime minister under Prince Ranariddh in the new government.

But CPP hardliners, who are powerful in the provinces and the security services, are unhappy about their loss of influence since the election. Under the old CPP one-party government, there was little distinction between the property of the state and the property of the party. The Finance Ministry, under Mr Sam Rainsy of Funcinpec, is taking an inventory of all public assets.

The government's lack of control has been underlined by a rash of armed robberies to seize equipment from Untac and foreign aid organisations. Untac has lost 170 cars so far, and some have been found in the possession of Cambodian army and police officers.

Such lawlessness may spread: Untac, after three months of payments costing \$13m, will now stop funding the salaries of some 140,000 soldiers and police.

Meanwhile, Cambodia is expected to reach agreement with the International Monetary Fund for a \$9m short-term loan to help the transformation from a communist to a market economy, and with the World Bank for a further \$64m, the finance minister said. Multilateral and bilateral lenders and donors have pledged a total of \$1bn in aid to Cambodia since mid-1992.

Perhaps the best news for the Cambodian government is the recent weakening of the Khmer Rouge guerrilla army, which boycotted the election but is nevertheless demanding a share of power. Government officials say about 1,300 Khmer Rouge frontline troops, or a tenth of the organisation's fighting force, have defected in recent weeks after a government offensive in which the CPP-dominated army was aided by Funcinpec soldiers – who were once allies of the Khmer Rouge.

Defectors have given Cambodian and Untac officials valuable information about Khmer Rouge strategy and damning evidence of Thailand's support for the Khmer Rouge in violation of the 1991 Paris peace accords which created Untac and provided for the election.

For Mr Pol Pot, the reclusive Khmer Rouge leader, few television images can have been more galling than that of Prince Ranariddh, his former ally, and Mr Hun Sen, his former enemy, walking together out of parliament yesterday to form a national government in which he has no part.

\$7bn-\$12bn bill for Gaza, West Bank

By Frances Williams in Geneva

BETWEEN \$7bn and \$12bn will be needed in external resources over the next 10 years to rehabilitate the economies of the Gaza Strip and the West Bank, according to preliminary estimates by the United Nations Conference on Trade and Development.

Among the priority needs of the area identified by Unctad are immediate action to revive activity in the Gaza Strip, where half the workforce is unemployed, as well as extensive investment in infrastructure, health and education, an overhaul of the tax and finance systems and establishment of an efficient and effective public administration.

Unctad's estimates of the cost of reviving the Palestinian economy, in a report yesterday to its executive board, range from \$3bn to \$7bn for Gaza alone, depending on how many Palestinians might return to the area, and another \$4bn to \$5bn for the West Bank.

This is far more than World Bank estimates of at least \$3bn over 10 years for both areas combined.

The US has called an international conference early next month on financial help for Gaza and the West Bank.

NEWS IN BRIEF

Olympic revenue to increase to \$2.5bn

TOTAL REVENUES to the Olympic movement, from the sale of television rights and sponsorships, were \$1.9bn (£1.23bn) in 1989-92 and projections for the next four years, which cover the Lillehammer and Atlanta Games, show an increase to nearly \$2.5bn, the International Olympic Committee said yesterday in disclosing details of its financial standing for the first time, writes Keith Wheatley in Monte Carlo.

The Lausanne-based IOC has assets of \$125m and received an average annual income for its own use of \$39m over the latest period.

In its first-ever annual report Mr François Carrard, chief executive, says that under 7 per cent of gross income is retained by the IOC to fund administration. The remainder is distributed to Games organising committees, national Olympic committees and individual sports federations.

Yesterday the IOC, meeting in Monaco where it will choose the site of the 2000 Games, agreed to establish an independent Olympic Foundation. Lausanne's Olympic Museum, opened in June, and other assets worth an aggregate \$74m will be transferred to the foundation by the end of this year.

HK appoints chief secretary

The Hong Kong government yesterday designated Mrs Anson Chan as the territory's next chief secretary. She is the first local appointment to the administration's most senior position, writes Simon Davies in Hong Kong.

The appointment will allay some concerns over the government's commitment to introducing more Hong Kong Chinese into the upper echelons of its administration and civil service.

There had been an uproar over moves to allow expatriate civil servants to extend contracts by switching to local terms.

She will replace Sir David Ford in November. He was chief secretary for six and a half years, and will become commissioner in the Hong Kong government's office in London. Mrs Chan was born in Shanghai but has spent most of her life in Hong Kong and has worked within the government since 1962. Mr Chris Patten, the governor, yesterday described her as "a real fighter for the livelihood and interests of Hong Kong".

Australia considers rate rise

The Reserve Bank of Australia would be willing to consider an increase in interest rates to protect the country's currency, Mr Bernie Fraser, the central bank's governor, said yesterday, writes Nikki Tait in Sydney.

Mr Fraser also said that he believed that official interest rates might have been cut for the last time. The environment for monetary policy in Australia was changing, he told an investment conference in Tokyo, with economic activity picking up and the exchange rate lower. "All this suggests the long phase of reductions in short-term interest rates is coming to an end", he concluded. Mr Fraser's remarks come after several weeks of battering for the Australian dollar, during which the Bank has intervened to support the currency.

UN troops killed in Somalia

Three Pakistani United Nations peacemakers were burned to death when Somali militiamen blew up their armoured vehicle during a dawn battle in Mogadishu yesterday, Reuter reports from Mogadishu.

Hours later, helicopter-borne US commandos captured Mr Osman Hassan Ali, main financial backer of General Mohamed Farah Aideed, the fugitive warlord, in what the UN termed a "significant milestone" in its operations.

A total of 53 peacekeepers – 31 of them Pakistanis – have been killed in 16 weeks of guerrilla war with Gen Aideed's followers.

NEWS: THE AMERICAS

Clinton strategy sees expansion of market democracies

US outlines blueprint for foreign policy

By George Graham in Washington

THE Clinton administration is proposing a new US foreign policy strategy of "enlargement", to replace the containment doctrine of the cold war years.

Mr Anthony Lake, President Bill Clinton's national security adviser, yesterday drew a blueprint of the strategy to expand the reach of democracy and market economics.

"During the cold war even children understood America's security mission; as they looked at those maps on their schoolroom walls they knew we were trying to contain the creeping expansionism of that big, red blob," Mr Lake said in a speech at the School of Advanced International Studies of Johns Hopkins University in Washington.

"Today, at great risk of over-simplification, we might visualise our security mission as promoting the enlargement of the blue areas of market democracies."

Mr Lake's speech is the most elaborate articulation so far of the Clinton administration's vision of a foreign policy for the post-cold war era.

He argued that while US efforts in Bosnia and Somali were "important expressions of our overall engagement", they did not by themselves define the broader US strategy.

The US, he said, still supported lifting the arms embargo against Bosnia – a proposal rejected by its European allies – and remained committed to helping implement an acceptable and enforceable peace agreement.

"But while we have clear reasons to engage and persist, they do not obliterate other American interests involving Europe and Russia, and they do not justify the extreme costs of taking unilateral responsibility for imposing a solution," Mr Lake said.

Instead, he suggested, the first concern in the US's enlargement strategy should be strengthening the core of market democracies in North America, Europe and Japan.

The US should also seek to foster and consolidate democracy and market economics, particularly in the former Soviet Union and eastern Europe but also in key countries which could influence an entire region, such as South Africa or Nigeria.

Mr Lake said the US must isolate and, if necessary, strike back at the states which combat democracy, especially those, such as Iran and Iraq, which are regional powers.

Finally, he said the US must intervene in humanitarian crises, but warned that relatively few intra-national ethnic conflicts would justify US military intervention.

Associated Press

Anthony Lake: spelled out America's post-cold war strategy

World Bank 'should step up risk'

By Peter Norman, Economics Editor, in Washington

THE Institute of International Finance, which represents many of the world's large commercial banks, yesterday called on the World Bank and regional development banks to assume bigger risks in support of their lending to private sector investment in the developing world.

Mr Charles Dallara, the IIF's managing director, said the international financing institutions such as the World Bank should revise some of their lending rules to encourage private capital flows.

In a letter to Mr Philippe Maystadt, the Belgian finance minister and recently-elected chairman of the International Monetary Fund's policy-making interim committee, Mr Dallara suggested that the World Bank and regional developments banks should think again about their insistence that governments in countries borrowing from them should guarantee all of their loans.

Mr Dallara also suggested that the institutions should provide coverage of a broader definition of political risk in countries such as Russia to attract private capital to large projects. Mr Dallara, who was a senior official at the US Treasury and US executive director to the IMF in the 1980s, said such changes were needed to support developing nations that were putting greater emphasis in their policies on privatisation and private sector investment.

He called for the creation of a "deputies working group" of senior officials from IMF and World Bank member countries to work out plans for early changes to the policies of the development banks and the Fund so that they would be better able to mobilise private capital flows.

To some extent, the IIF is pushing on an open door. The International Finance Corporation, a World Bank affiliate which promotes the private sector in developing nations, is expanding its activities with particular emphasis on encouraging private infrastructure investment in emergent market economies.

But it is unlikely that his plea for the international financing institutions to take on greater risk in support of private sector investment will gain rapid support in the IMF or World Bank. Both bodies feel they are running substantial risks already, especially in the former Soviet republics.

Low rates buoy US housing starts

By Michael Prowse in Washington

HOUSING starts in the US rose 7.8 per cent between July and August, indicating that the lowest mortgage interest rates for 20 years are providing a powerful stimulus.

The increase was larger than analysts expected and took the level of starts to an annual rate of 1.32m, the highest in more than three years.

The figures, published yesterday by the Commerce Department, came as Federal Reserve governors and regional presidents met in Washington to review monetary policy.

The Fed faces conflicting pressures on interest rates.

Some economists are pressing for an early tightening of policy to curb rapid growth of bank reserves and head off a speculative bubble in share and bond prices. Senior administration officials, however, say that interest rates must remain low in order to stimulate economic growth and job creation.

The Fed is not expected to signal an early change in short-term rates, which have stood at 3 per cent (zero after allowing for inflation) for more than a year. However, several senior officials, including Mr Alan Greenspan, the chairman, have indicated real rates are well below "equilibrium" levels.

Housing starts rose in all regions except the north-east. The strongest sector of the market was starts of single-family homes, which rose 11 per cent nationally to an annual rate of 1.18m, the highest in six years.

The surge last month followed disappointing figures earlier this year when bad weather affected building in many regions. For the first eight months starts were up only 3 per cent from the same period last year.

However, building permits – a guide to future construction – rose 16 per cent in the year to August, suggesting continued market buoyancy.

Salinas brushes up Mexico's polls image

Damian Fraser on attempts to take the controversy out of elections

PRESIDENT Carlos Salinas, who assumed power under a cloud of allegations of electoral fraud, has made a last effort to dispel criticisms of Mexico's political system and prepare the way for a clean and trouble-free presidential ballot next year.

Last week, at his behest, Congress passed electoral laws that will set the first-ever ceilings on campaign contributions, give independent electoral observers formal status, make the electoral institutes more independent of the government and regulate access to the media by the political parties.

The reforms are the last electoral changes before next August's presidential ballot, in which President Salinas is barred from standing by the constitution. They were passed by overwhelming majorities in both houses of Congress after the government had made last-minute concessions to the conservative National Action party (PAN), which had opposed the laws.

However, the reforms drew fire from the leftist Party of Democratic Revolution (PRD), which has fought for more profound political changes and abstained from voting. The PRD, like many independent observers, charged that the new laws would do little to loosen the Institutional Revolutionary party's 64-year grip on power.

Under the new laws, the supposedly non-partisan Federal Electoral Institute (IFE) remains answerable to the interior ministry and will have the power to set the limits on campaign spending. Next year, individual contributions to a party will be limited to the equivalent of about $650,000 (£422,000) while associations will be allowed to give about five times that amount. Such generous limits will work in favour of the PRI, which has close ties with most of Mexico's wealthy businessmen.

While regulation of access to the media will ensure there is no formal discrimination against the opposition buying advertisements, there is no sign yet that the favourable light in which the government is treated on all television networks will change.

The new owner of Mexico's recently privatised television networks has expressed his admiration for President Salinas. In doing so, he is following the pro-government line that has helped make Televisa, the main television network, one of Mexico's most profitable companies and Latin America's largest media concern.

The changes come after the government, among other measures, last month agreed to double the number of Senate seats and, in a modest concession to PAN, to permit the child of a foreign-born Mexican parent to be eligible for the presidency. This latter reform will not take effect until 1999, so that the PAN's most popular candidate, Mr Vicente Fox, who has a Spanish-born parent, will not be able to run in next year's election.

President Salinas hailed the new laws as creating conditions for "civil" elections and reducing the "perspective of tension". Put together with the changes passed earlier in his term, which included the drawing up of an accurate electoral roll, they make a repetition of the 1988 election, when fraud was widely reported, less likely.

Protests which followed that election and others, and complaints at massive spending by the PRI and its control of much of the media, undercut the PRI's legitimacy. This has become one of the side-issues surrounding the North American Free Trade Agreement. Several US congressmen have voiced concern about lack of democracy in Mexico and the issue is likely to be raised in congressional hearings on the trade deal later this year.

However, with the PRD opposing the reforms and the PAN in two minds about their merits, it is not certain that the laws will fulfil their function of making Mexico's elections fully credible. While the government has brushed aside the PRD's opposition to the reforms, its candidate in next year's election, Mr Cuauhtémoc Cárdenas, is expected to be the most serious threat to the PRI, as he was in 1988.

Party reprieve for Franco

By Angus Foster in São Paulo

BRAZIL'S largest political party yesterday decided against pulling out of the coalition government although it remained divided about its longer-term links with President Itamar Franco.

Leaders of the Party of the Brazilian Democratic Movement (PMDB) voted to stay with the president when it became clear a small but powerful faction of the party, led by Mr Luiz Antônio Fleury Filho, São Paulo governor, was losing support in its call for a split with the government.

PMDB leaders decided that leaving the government would highlight the party's own divisions and risked strengthening the hand of its main centre-left rivals, the Brazilian Social Democratic party of finance minister Fernando Henrique Cardoso.

The decision ends the immediate threat of a rupture between the PMDB and President Franco, who angered the party by making appointments without consulting it.

But the party remains torn over whether it should remain with an unpopular government, especially with elections next year, or risk being blamed for triggering instability by leaving the government without a congressional majority.

هكذا من الأجل

OUR MISSION FOR NIGERIA

BY CHIEF E. A. O. SHONEKAN CBE

Ours is a civilian government of national reconciliation seeking to heal the wounds resulting from the annulment of the June 12 Presidential elections in Nigeria. The Interim National Government represents the pragmatic non-violent way by which we put an end to military leadership of our nation given the firm determination of the military to annul the presidential election and the obvious lack of a consensus among the political class in their response.

Our mandate is to rapidly conclude the democratization process in Nigeria within the next six months and restore full blown democracy founded on our well-known traditions of a free press, the rule of law and social justice. In this regard, the popularly elected National Assembly have been given its full powers to make laws. Thus the Interim National Government affords us the opportunity of a befitting rehearsal of the third republic in terms of the interface of the three arms of government, that is, the executive, the legislature and the judiciary.

The immediate revival of the Nigerian economy which had suffered a lull as a result of the political impasse, will form the bedrock of our policy focus.

We are confident that the resilience of the Nigerian economy will ensure we return to the path of growth where equal and unfettered opportunity for all investors in Nigeria is guaranteed. We will not, however, lose sight of the urgent need to implement measures for full economic recovery and reform.

We shall strive to improve the quality of governance, enthrone transparency and accountability in the management of public affairs and carry out a crusade against corruption while we continue to honour all international obligations.

To our friends around the world we call for co-operation and understanding as we accomplish our primary mission of enthroning a viable democracy for Nigeria.

Long live the Federal Republic of Nigeria!

CHIEF E.A.O. SHONEKAN, CBE
HEAD OF STATE AND COMMANDER-IN-CHIEF

"Our mandate is to rapidly conclude the democratization process in Nigeria within the next six months, ... enthrone transparency and accountability in the management of public affairs ..."

Chief E.A.O. Shonekan, CBE

NEWS: WORLD TRADE

French coaxed back into farm trade fold

Gunsmoke has cleared but EC divisions remain, writes Lionel Barber

GATT

FRANCE's long-running campaign to secure a more favourable deal on farm exports in the Gatt world trade talks may have been decided in a brief but explosive encounter in the early hours of yesterday morning. Around midnight, Sir Leon Brittan, the EC's chief negotiator, tore into a proposed Franco-German draft seeking "clarifications" on the EC-US Blair House agreement limiting farm trade exports. Drawing on his skills as a former barrister, Sir Leon coolly picked apart the draft on the grounds that it risked tying his hands in future negotiations with the US.

The intervention provoked a furious reaction from Mr Alain Juppé, French foreign minister. He reminded Sir Leon – a former UK cabinet minister – that he was a mere "official" who would kindly take his orders from the assembled EC ministers in the Gatt trade negotiations.

Around 4am, after more than 12 hours of talks between 35 EC foreign, farm and trade ministers, Sir Leon emerged with a second compromise agreement which he said had cleared the air. "I hope we can now avoid the atmosphere of drama and crisis, returning to the Gatt to the humdrum plain of normal negotiations. The atmosphere of the OK Corral has disappeared."

A judgment on the outcome of the crisis talks depends on which of the two gunslingers came out on top. The initial reaction in Brussels yesterday was that Sir Leon had bettered Mr Juppé, though the victory is far from final.

In the run-up to the Monday "jumbo" meeting of EC ministers, it was clear that the Belgian presidency of the EC and the European Commission had one goal in mind: to strike a face-saving compromise which appeared to give credence to some French objections to the Blair House accord without, however, seeking a formal reopening of the agreement which could tie Sir Leon's hands in negotiations in other unresolved Gatt areas such as market access, textiles, steel and intellectual property.

It was always going to be a tricky balancing act. Not only have the French in recent months made opposition to Blair House a cornerstone of their trade policy, but they have also raised the threat of a veto of the final Gatt agreement which the EC, US and other major trading nations hope to conclude by the December 15 deadline.

Sir Leon Brittan: determined his hands should not be tied in US talks

The Blair House agreement provides for subsidised farm exports to be cut by 31 per cent in volume over six years; the value to be reduced by 36 per cent; and internal price supports to be trimmed by up to 20 per cent. It was agreed with great difficulty, and only after Mr Ray MacSharry, the EC's chief farm negotiator, had resigned temporarily because of alleged interference from Mr Jacques Delors, president of the European Commission.

This same question of how far the EC's trade negotiators should be given latitude to strike deals without having their hands tied by the member states was the dominant issue in the Brussels talks.

The conclusions make clear that Sir Leon should be able to retain his room for manoeuvre. It makes no mention of a new negotiating mandate to re-open Blair House; and it only calls for him to follow the Council's "orientations" in raising with the Americans a number of (largely French) complaints about the contents of Blair House. These include a number of requests:

- An extended peace clause to prevent the US from taking unilateral action against the EC's farm export regime.
- Whether to include food mountains and cereal substitutes as part of the export cuts package
- A mechanism to ensure that the EC can take advantage of growth in world markets, particularly Asia.
- A "safeguard" clause which would help to protect the EC against surges in cheap food imports.
- So-called "front-loading" which might allow the French and other farm exporters to delay some of the cuts in subsidised exports until some time toward the end of the Blair House target date of 1997.

German, British and Commission officials said yesterday that Sir Leon was under orders to raise these problems with Mr Mickey Kantor, US trade representative, whom he meets on September 27 in Washington; but this did not amount to an instruct a formal renegotiation of Blair House.

"He only has to discuss these matters," said one German official, "if he does not return with results, he does not have to keep going back and forth to Washington."

This interpretation does not square with Mr Juppé's interpretation. Speaking on French radio yesterday, Mr Juppé said that if Sir Leon returned to the next EC foreign ministers' meeting in Luxembourg empty-handed "France will not accept the Blair House accord such as it is."

Viewed negatively, the renewed threat of a French veto suggests continuing guerrilla warfare; but a more positive interpretation is that the Brussels compromise offers Paris enough prospect of changes in Blair House to prevent the country slipping into dangerous isolation. "We kept them in the fold," said one senior EC diplomat. This presumes, of course, that the US will be ready to compromise too, a prospect by no means clear in the light of the weakness of the Clinton presidency and the strength of the US farm lobby. Some EC officials warned yesterday of possible US counter-demands, further dampening prospects of a Gatt deal by December 15.

Early this morning, Sir Leon played down this risk and urged all countries to make additional tariffs offers to keep the Gatt talks on the track. It remains a tough sell in the light of the continuing profound divisions within the EC on trade.

US sticks defiantly to hard line over pact renegotiation

THE Clinton administration yesterday showed no sign of backing away from an increasingly hard line against reopening the US-EC Blair House farm trade accord, writes Nancy Dunne in Washington.

A spokesman for Mr Mickey Kantor, US trade representative, said any attempt to reopen the pact would be viewed "with grave concern". It was "a painfully wrought compromise in the first place" and even "clarification" would be unacceptable if it was a cover for renegotiation.

President Bill Clinton said last week at a press conference attended by Mr Carlo Azeglio Ciampi, the Italian prime minister, that the EC "must resist opening this hard-struck bargain". Otherwise it would be "standing in the way of efforts to bring the Uruguay Round to a rapid and successful conclusion".

Nineteen US farm groups – most of which have been active advisers in the Uruguay Round negotiations – last week asked the president "to make clear to the European Community that the commitments made by both parties at Blair House are not negotiable". They also asked him to press for "a significant expansion" of market access during the concluding phase of Gatt negotiations.

Ironically, it was Mr Kantor who first talked about opening up the Blair House pact, because he thought US farmers had got a bad deal. The farm lobbyists – including the American Farm Bureau, the National Association of Wheat Growers, and the National Corn Growers – are now insisting the Blair House accords "represent minimal commitments on the part of the EC to reduce its trade distorting export subsidies, restrain surplus oilseed production and maintain zero-duty access for non-grain feed ingredients".

There is increasing bitterness among US business lobbyists against the French and a perception that the US is being blamed for a December 15 Gatt deadline, which coincides with expiry of the US's fast-track negotiating authority. The deadline was agreed after close consultation with US trading partners and Gatt officials, they say.

One strategist recommended the US "multilateralise" its response by calling a meeting of farm exporting countries in favour of farm trade liberalisation. "The US must not allow itself to be dragged into another US-EC confrontation," he said.

Some US farm lobbyists have noted that the French position is not significantly different from Mr Clinton's strategy to make more acceptable the North American Free Trade Agreement by negotiating labour and environmental side agreements.

Geneva officials see hope for Gatt

By Frances Williams in Geneva

THE apparent EC decision not to reopen the Blair House deal on farm subsidies with the US was greeted with relief by trade negotiators, who said the way was now clear to complete the Uruguay Round of world trade talks by the end of the year.

"On balance, the outcome must be positive for the Round," said one trade diplomat. "The EC has avoided a crisis, and there was no commitment to back down from the Blair House accord."

The farm trade agreement, although it has not yet been extended to all 116 nations taking part in the Round, underpins crucial negotiations taking place in Geneva on opening markets to imported farm goods. These talks are seen as vital to acceptance of the Uruguay Round package by a large number of agricultural exporting nations, especially in Latin America.

Diplomats discounted threats from Paris that a veto might again be brandished if Washington fails to respond adequately when Sir Leon Brittan, EC trade commissioner, presents French concerns to his US counterpart, Mr Mickey Kantor, next week.

"I think people now have an interest in letting the Geneva negotiations continue," said one, pointing out that some "clarifications and additions" as demanded by the French could well come through the process of "multilateralising" the Blair House agreement.

Elsewhere, negotiators have reported "very good progress" in talks on improving market access for services.

For goods, progress has been slower but countries are "fully engaged".

NEWS IN BRIEF

German mining rights approved

AN Anglo-American energy consortium is on course to complete one of the largest, single investments in eastern Germany after Mr Kurt Biedenkopf, prime minister of Saxony, said he would grant it mining rights, writes Judy Dempsey in Dresden.

The decision to grant the rights for Schleenhain, one of the brown coal fields the consortium is buying, clears the way for an investment of more than DM1.5bn ($920m) in eastern Germany. It also means eastern Germany's highly regulated energy sector will be prised open.

The consortium – comprising PowerGen, the UK-based utilities company, NRG of Minneapolis, and Morrison Knudsen of Idaho – is buying a 44 per cent stake, or the equivalent of 400MW capacity, in a power generating plant at Schkopau, near Halle in the eastern state of Saxony-Anhalt. It is also buying the Mitteldeutsche Braunkohle, or Mibrag, lignite fields straddling the states of Saxony and Saxony-Anhalt.

Thai refinery financing deal

Rayong Refinery has signed $1.5bn of project financing facilities to fund a hydrocracking refinery to be built in Thailand, writes Tracy Corrigan. The total project cost will be about $2.4bn (£1.55bn).

Rayong Refinery is a joint venture owned by the Royal Dutch/Shell group (64 per cent) and the Petroleum Authority of Thailand (36 per cent).

Coca-Cola opens Romanian plants

Coca-Cola has opened three new bottling plants in Romania in a $31m investment, Virginia Marsh writes from Bucharest.

The company said the opening of the three plants had tripled its capacity in Romania and it now employed 2,500 local staff at its six factories and in distribution.

Japanese car exports fall

Toyota and Nissan, Japanese carmakers, yesterday unveiled steep declines in August export volumes, writes William Dawkins in Tokyo. The drop, 19.1 per cent year-on-year at Toyota and 22.4 per cent at Nissan, reflects increased output at their overseas plants, as they seek to sidestep the impact of the yen's rise on the price competitiveness of vehicles made in Japan.

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THE POWER OF IMAGINATION.

US company seeks share of PC market

By Alan Cane

COMPETITION in Britain's personal computer market, already the fiercest in Europe, has intensified sharply with the arrival of two leading players from the US and mainland Europe.

Plans to take a share of the UK's £3bn PC market were announced yesterday by Gateway 2000, a large, privately held, US manufacturer based in South Dakota.

Vobis Microcomputer of Germany announced plans to enter the UK last month. Gateway will market its full range of computers through the "direct" channel while Vobis is selling its "Highscreen" brand through Dixons, the high street electrical giant.

Direct channel manufacturers use neither retailers or distributors but advertise their products in newspapers and trade magazines, completing the deal by telephone or mail order. The technique was pioneered by Dell Computer Corporation of the US which has grown in a decade to annual revenues last year of $2bn. More than 30 per cent of PCs are sold in the UK through the direct channel.

Gateway claims to sell more IBM-compatible PCs through the "direct" channel in the US than any other manufacturer. It has set up an assembly and distribution centre in Dublin, Ireland, from which it intends to attack the UK market before tackling France and Germany.

Established in 1985, it employs 2,500 in the US and made pre-tax profits of $105m in 1992 on a turnover of $1.1bn.

Vobis, one of the largest PC manufacturers in Germany, is following its compatriot Escom AG which earlier this year started a chain of small retail stores in the UK. About 15 have already been opened and Escom is aiming for 26 by the end of next month.

The UK PC market has grown vigorously over the past 12 months, driven by big advertising campaigns and falling prices. According to Context, a London-based consultancy, sales in 1993 are likely to be 22 per cent ahead of last year. Some 93,000 units were shipped in July alone, 37 per cent more than the year before.

The value of the computers shipped increased by only 17 per cent, however, an indication of the sharp decline in prices. Context says the average price of a system is £1,400. Most experts believe prices will not fall much lower, but customers will get more features for the same price.

According to the marketing consultancy Romtec, Compaq of the US has the lion's share of the UK market with 13 per cent while IBM is only one per cent behind. Apple has seven per cent, ahead of Dell with six per cent. Toshiba, Elonex and Olvetti hold four per cent apiece while none of the other 200 or so manufacturers selling in the UK have more than three per cent of the market.

Ministers 'approved export of machine tools to Iraq'

David Mellor: "At the Department of Trade and Industry there were a lot of people nipping at the edges [of the guidelines] and there was a minister who didn't believe in them anyway."

By Jimmy Burns

GOVERNMENT ministers approved the export of machine tools to Iraq which may have been in breach of the government's own publicly declared guidelines, the Scott inquiry heard yesterday.

Mr David Mellor, foreign office minister from June 1987 to July 1988, said that he had supported the exports after receiving a Foreign Office report which excluded intelligence information warning of the exports' potential military application.

He justified the government's decision, taken in early 1988, on the grounds that the export licences referred to contracts entered into before the guidelines were announced to the House of Commons in October 1985.

While accepting the intelligence excluded from the report was important, Mr Mellor refused to blame his officials.

"I don't want to shelter behind the notion that I didn't know all that I ought to know when I was making a decision," said Mr Mellor.

The minister said the foreign office at the time was facing pressures from other government departments to let the exports through mainly for commercial reasons. "At the Department of Trade and Industry there were a lot of people nipping at the edges [of the guidelines] and there was a minister who didn't believe in them anyway."

Mr Mellor was being questioned about an internal memo sent to him by Mr William Patey, a Foreign Office official who was chairman of the inter-departmental committee responsible for vetting defence exports to Iraq at the time.

Mr Patey told the inquiry in June that advice given by civil servants to ministers on the export of machine tools in January 1988 was "deficient" in that it glossed over the extent to which they might contravene declared policy.

The exports were approved after Whitehall had received intelligence that Iraq was building up its arms manufacturing capability after signing contracts with Matrix Churchill and other UK British machine tool companies.

In further evidence to the inquiry yesterday, Mr Mellor said that during nine hours of talks he held with President Saddam and his foreign minister Tariq Aziz in Baghdad February 1988, he had not once raised British concerns about defence exports.

The minister said the subject of arms sales was not one "you messed about" with the Iraqis, as it might have compromised British intelligence.

Mr Mellor confirmed he had approved a memo in February 1988 naming Jordan as a country "known or suspected" of diverting military supplies to Iraq or Iran.

In written evidence to the inquiry earlier this summer, Mr Mellor said that he could not recall having been made aware of third countries being used as a diversionary route for British defence equipment to Iraq.

New electric motor hailed as breakthrough

By Tim Burt in Birmingham

BRITISH SCIENTISTS and component manufacturers yesterday hailed a breakthrough in the design of electrical motors which they claimed could revolutionise power systems in cars and domestic appliances.

Launching a three-year programme to develop the new motors, scientists from the universities of Warwick and Cardiff said the innovation could lead to a 60 per cent reduction in the size of motors needed to power products ranging from food mixers and power tools.

The development programme is backed by a consortium of 22 companies including Black & Decker, Lucas Industries and Kenwood, and will be part funded by Britain's Department of Trade and Industry.

The motors unveiled yesterday are driven by coils of wire which are energised with pulses of electricity 400 times a second. The process is called switched reluctance drive.

This is thought to be the first time such an electrical system has been invented in a format acceptable to industry.

Coast to coast travel entices French tourists

Despite the food and weather, the UK's popularity is growing writes Michael Skapinker

PEOPLE in Kent know it is raining if they cannot see the French coast. If they can see the French coast, they know it is about to rain.

Despite the weather, and what is seen as poor food, 2.5m French residents visited last year, second only to 2.7m north Americans. In 1991, the year of the Gulf War, 2.3m French tourists visited the UK, more than any other nationality.

The bad news is that while the French are coming in increasing numbers, apparently attracted by proximity , history and culture, they tend to be younger than most and spend, on average, half that of their American counterparts.

But there is nothing wrong with catching tourists young. Today, the BTA begins a campaign to persuade even more French visitors to cross the Channel, with the official opening in central Paris of a new UK tourist centre, the Maison de la Grande Bretagne.

The centre will be opened by Mr Peter Brooke, the heritage secretary. The ground floor has video displays and a book shop. British Rail International has a sales office and a licence to sell airline tickets as well. Other companies with shops in the centre are Edwards & Edwards, the booking agency, Eurotunnel, and the ferry companies Brittany Ferries, P&O and Sealink.

Mr Bruce Taylor, BTA's manager in France, says the centre was set up because 86 per cent of French visitors to the UK make their travel arrangements independently rather than through travel agents. Although the official inauguration is today, the centre has been open since July. It has so far had 20,000 visitors.

Although French tourism to the UK has increased by 76 per cent since 1981 its financial contribution is relatively small. The average French tourist in the UK spent only £28.10 a day last year, compared with average American expenditure of £55.20 a day.

One of the reasons is the age of French visitors. In 1991, 24 per cent of French visitors were under 16. Over 40 per cent were under 25. Only 16 per cent of US visitors were under 25.

The reason for the youth of French tourism is the predominance of school tours and language students. Mr Taylor says that although the attitudes of UK families hosting language students have improved, some still do not understand that they are providing a service for which visitors are paying. The BTA is proposing a code of conduct to improve the hospitality shown to students.

Nevertheless, Mr Taylor says 60 per cent of French visitors to the UK have been before. French adult tourists are particularly valuable, he says, because they tend to come outside the main summer season.

Mr Frederic Simonet, a technology student, and Ms Anne Morvan, studying English, were at the centre last week, booking a weekend in London in October. London has three attractions, they say. It is nearby, they can practice their English and the shops are different.

Mr Taylor says the BTA decided to deal realistically with the the UK's perceived drawbacks. Its brochure admits the weather is changeable. It does not feature any pictures of bright blue skies.

No one, the brochure says, criticises British food more than the British themselves. But, it says, standards have improved. Judging by the crowds at Marks & Spencer in Paris, loading their trolleys with pork sausages and crumpets, the French have already made their peace with British cuisine.

Taste of tap water 'not EC's business'

By Bronwen Maddox

MR TIM YEO, environment minister, yesterday attacked European environment policy when he claimed that there was "growing cynicism among the public" that other European countries would ever be forced to comply with the host of European directives.

His criticism comes two days before the UK government and the water industry will press for a revision of the EC 1980 drinking water directive which would allow countries more discretion in setting down standards.

Speaking in Manchester at an international environmental conference hosted by the government, Mr Yeo said that the "temperature, taste and odour" of drinking water were "not the European Commission's business".

Tomorrow's meeting of government officials in Brussels, organised by Eureau, the association of European water suppliers, is the first attempt to renegotiate the drinking water directive in its 13-year history. Mr Yeo called the directive "a very out of date directive due for revision".

Much of the current £45bn investment programme of the UK water industry is directed towards meeting EC standards on drinking water and sewage treatment.

The UK water services association, representing the 10 large UK water companies, together with Ofwat, the industry regulator, have called for a revision of the standards to help slow the rise in customers' bills.

Mr Yeo acknowledged that other countries – particularly the Netherlands, Germany and Denmark – may call on Britain to tighten controls on agricultural pesticides. "We may be asked to move on that front," he said.

The Eureaux proposals, which are backed by the UK water industry, call for new drinking water standards to:

- Focus on health not "aesthetic factors".
- Specify average levels of permitted substances instead of maximum levels, to allow some variation.
- Be based on scientific evidence: in particular the World Health Organisation guidelines.

Mr Yeo refused to give a commitment that the UK government would press ahead with removing traces of lead from drinking water in line with new, tighter World Health Organisation guidelines announced last year.

Italian group plans UK factory

By Tony Jackson in Fabriano, Italy

MERLONI, the Italian producer of domestic appliances and Europe's fourth biggest, plans to build a refrigerator plant in the UK.

Mr Vittorio Merloni, chairman and chief executive, said yesterday the plant would cost a minimum of £15m and would employ between 200 and 250 people. No decision had yet been made on its location.

Mr Merloni said his company aimed to build the plant within the next three to four years. Merloni has approximately 6 per cent of the UK fridge-freezer market, against a target of 10 per cent of the European white goods market in the next five years.

The company already has 13 per cent of the UK washing machine market, it claimed, all supplied from continental Europe.

Insults fly over Major leadership

By Ivor Owen

THE ROW over Mr John Major's leadership degenerated into a public slanging match yesterday, with critics responding angrily to reports that the prime minister had described four Tory rank-and-file MPs as "barmy".

Some MPs, believed to be among those Mr Major was referring to, retorted in kind, suggesting it was not them but the prime minister to whom that adjective could be best applied.

Meanwhile, Mr Michael Portillo, chief treasury secretary, became the latest cabinet heavyweight to call publicly for a halt to the sniping.

"We have to make it very plain to people that it is a nice luxury to be a rebel and to sound off against the government but eventually this government has to govern," he said.

Sir Richard Body, Tory MP, said Mr Major's comments, allegedly made during his official visit to Tokyo, were "rather sad".

He said: "A number of us have been trying to get a message through to him that there is growing disillusionment in the country . . . but he won't listen."

Sir Richard, who has been tipped as a possible "stalking horse" challenger (prompting a more serious rival to enter the contest later) to Mr Major this autumn, said a number of "very ordinary" Conservative MPs had contacted him since he first raised the leadership issue to tell him that their constituents were saying exactly the same thing.

He said he would be "sorry" if Mr Major did have to face a formal leadership challenge. "But if we are going to carry on like this I fear it will be inevitable."

Britain in brief

London 'best' for business

London is considered the best city in Europe to locate a business, according to a survey of international managers by the Harris Research Centre.

The survey, published by Healey & Baker, chartered surveyors, found London had strengthened its position as a commercial centre. For the first time in the four-year history of the survey, London was considered to offer the most in terms of cost and availability of staff.

Paris maintained its position as the second best city in Europe to locate a business. The third most popular city was Frankfurt, which retained its top position for international transport links, although it has lost ground on staff costs and availability.

Glasgow and Manchester have both slipped one place down the league of the most popular cities, to be ranked seventh and ninth respectively. Brussels, which was ranked in fourth place, was considered the most important future political centre.

The survey suggested that Barcelona, Berlin, Lyons and Paris were the best at promoting themselves to international businesses.

A total of 527 senior executives from nine European countries were interviewed for the survey.

Programme to reduce fish fleet

The government announced that 142 fishing vessels, accounting for about 2.5 per cent of UK fleet capacity, would be decommissioned in the first year of its three-year £25m programme to reduce the fleet.

Less savings boost growth

The UK economy expanded faster in the second quarter than initially estimated partly as a result of people saving less, government figures showed.

However, the platform for recovery still appears to be fragile. Pre-tax personal incomes between April and June showed their first quarterly fall for 27 years, partly as a result of low wage increases, a fall in social security benefits and weaker investment income linked to lower interest rates.

- Overseas institutions bought record volumes of UK financial securities in the second quarter, helping to finance the UK current account deficit.

Purchases during the period by non-UK groups of securities including government gilts and corporate stocks and bonds totalled £13.82bn.

This was not far short of the £21.39bn figure for the whole of last year and well up on the previous record quarterly number of £8bn seen in late 1987.

- Wages per unit of output across the economy barely changed between the final quarter of last year and the second quarter of this year, underlining the weakness of inflationary pressures.

Course stranger than fiction

Students are being recruited to boldly go where education has never gone before – on Europe's first Masters degree course in science fiction.

Liverpool University will launch its Master of Arts course in science fiction studies next October.

The university library has become the home of the Science Fiction Foundation Collection, launched in 1970 with acclaimed sci-fi author Arthur C Clarke as a patron and boasting 25,000 books and magazines.

Nissan to halve production

Nissan, the Japanese carmaker, is to halve production at its £900m car plant at Sunderland in the final two months of the year under the impact of the sharp decline in new car sales in continental Europe.

It is the latest victim of the downturn in European new car demand, which has forced widespread job losses, production cuts and restructuring across the European motor industry.

Nissan said it would move to single shift working for two months from November 8 by eliminating the night shift, in order to cut output from 1,200 to around 600 cars a day.

Jurassic mark-up

British toy retailers were accused of ripping large chunks of cash out of parents with dinosaur-loving offspring.

It was claimed that they were demanding nearly double the prices charged by US retailers for toys linked to the successful film, Jurassic Park.

Mr Nigel Griffiths, Labour's front bench consumer affairs spokesman, is asking Sir Bryan Carsberg, director-general of fair trading, to investigate the price difference between identical goods bought in the UK and the US across a range of products including toys, food and clothing.

According to the Labour party, a Tyrannosaurus Rex toy costing $9.99 (£6.66) in the US was retailing at £14.99 in Britain or £12.22, excluding value added tax. Velociraptors costing £9.99 (£8.15 excluding VAT) in Britain were selling at $6.99 (£4.66) in the US.

The £12m reconstruction of the Globe Theatre, Shakespeare's own, has moved a step closer. Globe Trust founder Sam Wanamaker (left) is pictured with actor Julian Glover on the site beside the Thames in London, close to the original theatre site. Two new sections have been completed and the theatre should be finished by next year. It's first season is due in 1995

MANAGEMENT

Made to measure MBAs

The diversity of the British MBA market will be highlighted today when ScottishPower and the textile group Dawson International announce a new management development programme at Heriot-Watt University Business School, Edinburgh.

Those involved say efforts have been made to design a course which is relevant to the needs of the two companies. The part-time MBA is also structured so that the 39 participants can balance study with the demands of their jobs.

So-called industry-led consortium MBAs are now an established part of the UK management education scene. Other business schools which offer them include Warwick (backed by BP Chemicals, North West Thames Regional Health Authority, National Westminster Bank and British Telecom), the City University, Lancaster and Henley (though the latter finds companies are now more interested in its shorter Diploma of Management course).

Consortium MBAs are popular because they enable project work to be carried out with client companies, as well as reducing the risks to employers of losing their best managers. Concerns expressed are that companies have too much influence over the course content, and that control over entry standards passes from the participating business school.

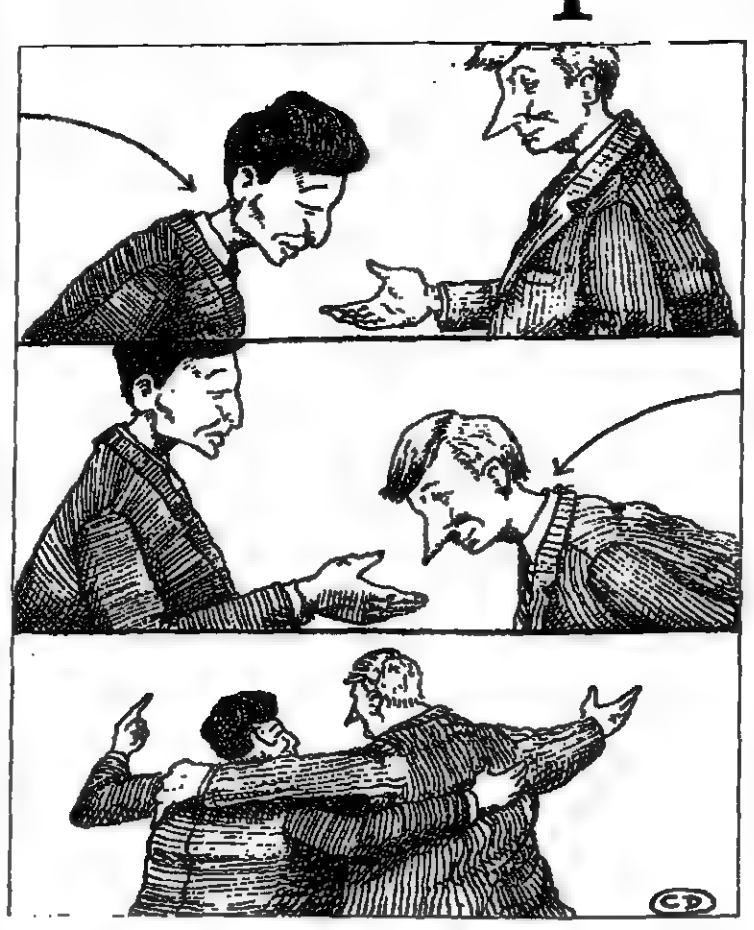
"In the past many companies have taken a passive view, sponsoring almost anyone who asked to go on a part-time MBA programme," says Ian Hirst, head of Heriot-Watt Business School. "As a result the people who got the training were not the ones who would benefit the company most. However, ScottishPower and Dawson International have been closely involved in designing the programme structure and will be active in maintaining quality and relevance throughout."

Mike Kinski, ScottishPower's human resources director explains: "If we need to compete in the increasingly competitive market place, we need to develop in our managers a wider business understanding, increased commercial awareness, a broader range of knowledge and improved leadership skills."

Tim Dickson

Lucy Kellaway on a bold exchange programme between computer company ICL and its parent Fujitsu

Sashimi and chips



Donald McGarva is a 32-year-old engineer from Scotland who has a job in a factory. He is also a celebrity. The factory is in Numazu in Japan, and McGarva, who works shoulder-to-shoulder with Japanese engineers, has a worm's-eye view of working practices that are the envy of the world. Diplomats, and businessmen from east and west consult him. Even John Major, who visited Japan this week, dropped in on him to find out how things look from his angle.

McGarva is one of 10 junior employees at ICL, the UK-based computer company, who have been transferred for a two-year stint to Fujitsu, ICL's Japanese parent. This select group is matched by a similar band of Fujitsu workers who have been plunged into ICL. Both have had their cultural and professional worlds turned upside down in the interests of what is known as corporate "synergy".

When Fujitsu bought 80 per cent of ICL three years ago, it was decided that the European company would continue to be run autonomously. Yet in order to make sense of the new relationship, both businesses needed to find a way of extracting some benefit from the other.

The exchange scheme was part of a master plan created by Peter Bonfield, chairman of ICL and Fujitsu's president Tadashi Sekizawa. The aim was twofold: to spread ideas from one company to another in an informal way and to create a cadre of high fliers with the wherewithal to deal with an international future.

It was recognised from the outset that the plan would only work if the top people were prepared to learn from the trainees. Sekizawa makes sure he knows the E-Mail indentity of each trainee and encourages them to send him messages. This in itself was a breakthrough, as Japanese employees no more dream of putting their own views to the president than of taking their clothes off in the office. Yet already the electronic messages are flying eastwards, and are being heeded.

One bold Japanese trainee was astounded to discover that ICL employees volunteered for the exchange scheme, whereas Fujitsu trainees were chosen. The experience of Satoshi Yamamoto was typical: he was told by his boss on his wedding day that he would be leaving for ICL in two months.

The trainee suggested to Sekizawa that employees who put themselves forward were likely to be more motivated. The president took note – somewhat to the alarm of his personnel department – and vacancies on the scheme are now being advertised. Nearly 100 people have applied for 10 positions in the latest batch.

Bonfield, who lunches or dines with his trainees each time he visits Tokyo, has been told in detail about the impressive technology used at Fujitsu. He had also learnt some home truths about the way certain parts of ICL look from the outside. According to McGarva: "It's far from a perfect company. There are some areas that I used to be proud of, but which I now see differently. I can see areas where we can become more international."

The lessons that are emerging from the first wave of exchanges are not what one might expect. Japan has long been regarded as having near mystical management ability. During the past decade, British companies have copied wholesale Japanese working practices such as Just In Time delivery and Total Quality Management. But to judge from the Fujitsu/ICL experience, some management lessons are starting to flow the other way.

"Fujitsu people are eagerly seeking our opinions," says McGarva. "Japanese companies are changing from the inside. Traditions like lifetime employment are starting to change." The Fujitsu employees have found plenty to admire in the way ICL is run. Yamamoto, who works for the personnel department, is amazed at the care with which ICL graduates are picked. By contrast, the 1,200 or so graduates that are taken on each year by Fujitsu are hired by the yard. He is also impressed by employees' tailor-made career plans. "In ICL, personnel objectives are clearly defined, and that improves motivation. In Japan people are forced into uncomfortable objectives," he says.

Kenji Watanabe is surprised at the degree of respect given to consultants and technical people – which in Japan is reserved for the managers. Kenjiro Serikawa has sampled the British two-to-three week summer holiday, and finds he prefers it to the three to four days he might expect at home. "Here I can relax more," he says.

But will these messages get through? "Many Japanese companies are aware that their style is not a perfect one, and are keen to learn something from overseas," says Watanabe.

These lessons have not been learnt without a cost: both sides have suffered severe culture shock. Heidi Hunter, the first woman to be sent to Fujitsu, had a double dose. "The biggest shock was on the morning of the first day to hear the company song on the PA, followed by exercises." As a female engineer, she was regarded as a freak: "For the first six weeks the Japanese didn't know where to pigeon-hole me. To survive you have to have a lot of confidence. You've got to get up and do it."

For Nigel Beane, who has been at Fujitsu for six months and lives in a company flat, the most difficult moment was being woken up at 7.30am on a Sunday morning by the company tannoy and being told it was a lovely day and to take some exercise.

The ICL people came prepared with six months of intensive language and culture training, yet they still felt at sea. But that was six months more than the Fujitsu people had. Although most could already speak (American) English, none had any idea of what to expect from working in the UK. Serikawa found himself on the first day talking to customers in a language that he was uncomfortable with about a computer system he did not know. Watanabe could not understand why British managers found his customary politeness absurd.

All have now acclimatised. Watanabe says he can switch the politeness on and off depending on whether he is talking to British or Japanese colleagues. Hunter is now treated like another engineer. McGarva introduces himself as Fujitsu's Donald McGarva without thinking.

Much as each side has enjoyed its sojourn, there will be compensations to going home. The Japanese trainees are looking forward to a public transport system that works. Beane is looking forward to a lie-in.

Quantum leaps in a dangerous game

Christopher Lorenz on keeping up with the pace of change

Hard on the heels of General Motors, Philips, IBM, Kodak and Volkswagen, Daimler-Benz revealed last weekend how deeply it, too, is in the mire.

With disasters at such mega-companies mounting by the month, are commentators right when they argue that the days of the large corporation are numbered? Or is the western business world simply going through an unusually intense phase of its natural cycle of life and death? Either way, what can large companies do to postpone the evil day or – just possibly – avoid it entirely?

These seminal questions towered above a thousand lesser puzzles about corporate strategy and organisation last week in Chicago, where 600 business academics, consultants and executives gathered at this year's annual meeting of the International Strategic Management Society.

It was pure but painful coincidence that several top speakers threw the same statistic at the audience: that almost 40 per cent of the companies which comprised the Fortune 500 a decade ago no longer exist. Of the 1970 Fortune list, 60 per cent have gone, either acquired or out of business, the conference was told. And of the 12 companies which comprised the Dow Jones Industrial Index at the turn of the century, only General Electric survives as a giant.

As one senior manager put it: "Very few organisations last the lifetime of an individual and still fewer lead their industry for more than 20 or 30 years."

He was understating the problem. The average corporate survival rate for large companies a decade ago was only about half as long as the life of a human being, according to a well-publicised study of the time by the Shell oil giant. Yet some companies last well over 75 years.

The phenomenon of rapid corporate decline and fall has two traditional explanations: first, the inability of most companies to "learn" and adapt at least as rapidly as their environment changes; and second, the tendency of companies in certain industries to be disrupted severely by technological innovation.

Since the Shell study was done, the pace of change in the business environment has accelerated on every front: capital and trade barriers have been lowered, industrial competition has become global, technology has cut the cost of breaking into new geographic and product markets, and companies have recognised the benefits of collaboration rather than all-out merger or acquisition.

As a result, many large companies are experiencing unprecedented pressure. Contrary to fashionable wisdom, this is not only coming from smaller, upstart companies taking advantage of the new competitive importance of flexibility, but also from large companies which have been better able than most of their peers to revitalise themselves.

Thus Kodak is reeling partly from Fuji and 3M, Sears from Wal-Mart, and IBM partly from Microsoft and Hewlett-Packard.

In these circumstances, the old "success strategy" of continuously improving one's performance is no longer adequate, the Chicago conference was told by the managing partner of Arthur Andersen Consulting, George Shaheen. Instead, companies in all sectors must focus on becoming "not only better but radically different". They must take quantum leaps in order to reshape their industries.

Roger Stone, the president and chief executive of his family's 67-year-old corrugated packaging company, Stone Container Corporation of Chicago, described how it is now revitalising itself after growing profitably 15-fold in the 1980s, to annual sales of $5.5bn.

The keys to modern corporate "learning" and transformation, said Stone, were: to become even more "customer-driven" and quality-focused; to stimulate innovation throughout the company; to measure corporate and individual performance on every possible dimension; to "manage backwards from the future, rather than short-term"; to simplify structures and processes; and, above all, to foster a process of "creative discontent" within the company.

In his down-to-earth Midwest language, Stone concluded to loud applause that "if you want to be content you should be a dog".

PEOPLE

Sir John Banham to chair Tarmac

After 15 years at the helm, Sir Eric Pountain, the colourful Black Country businessman who led Tarmac through the 1980s, is stepping down as chairman of Britain's biggest housebuilder.

He will be succeeded by Sir John Banham, chairman of the Local Government Commission for England and a former director-general of the CBI.

Sir John, 53, became Tarmac's deputy chairman yesterday and will take over from Sir Eric, just 60, early next year.

Along with Graeme Odgers and Bryan Baker, Sir Eric built Tarmac into one of the best-managed and biggest companies in its field in the early 1980s, having taken over as chief executive in 1979 and become chairman shortly afterwards.

But Tarmac's fast growth strategy faltered with the onset of the recession in the UK and US, and Tarmac was left exposed to the collapse of house prices and sales.

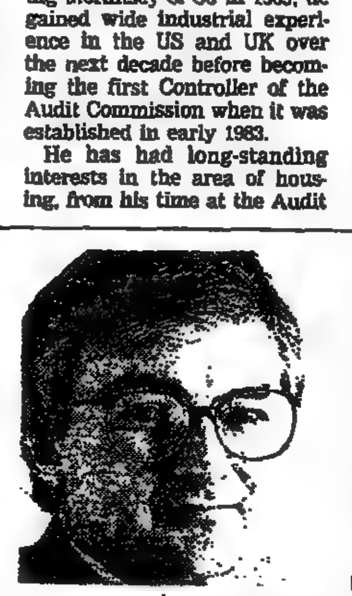
Early last year Sir Eric agreed to relinquish day-to-day running of the group to Neville Simms, who was appointed Tarmac's chief executive.

Sir John, who started his career in the Foreign Office in 1962, had been widely tipped as Sir Eric's successor. After joining McKinsey & Co in 1969, he gained wide industrial experience in the US and UK over the next decade before becoming the first Controller of the Audit Commission when it was established in early 1983.

He has had long-standing interests in the area of housing, from his time at the Audit Commission on education, housing and social services, and in transport infrastructure, for which he was a leading advocate of increased investment while director-general of the CBI.

Yesterday he said it was "a great privilege" to take over from Sir Eric "during whose chairmanship Tarmac's market capitalisation increased ten-fold".

MD for FT



Former Reuter and Financial Times journalist John Makinson is to become managing director of The Financial Times next spring.

He will be responsible for the production, distribution and marketing of the paper world-wide and will report to chief executive David Bell who himself was a journalist on the FT for much of his career.

At the moment, Makinson, who is 38, is one of five partners of Makinson Cowell, an independent consultancy which advises 23 British companies, all with capitalisation larger than £1bn, on their relations with the financial community. One of its clients is Pearson, owner of the FT.

Makinson admits that the transition back to employee status might be difficult but says "it was just such an exciting opportunity." But, he adds: "I was not looking for a job; I was approached by David Bell."

While at the FT, Makinson was approached about a job with a large company and asked Maurice Saatchi to give him a reference.

Instead, Saatchi appointed him executive vice president of Saatchi & Saatchi's US holding company and he stayed with that company until setting up his own consultancy in 1989. He will probably sell his stake in Makinson Cowell after he has discussed the situation with his partners.

Makinson is a graduate in English and History from Cambridge.

■ Nick Whitney, chief executive of Hoare Govett, is also taking on responsibility for ABN AMRO global equity network; Nick Bannister joins from UBS Securities as deputy chief executive of the network and head of UK equities.

Nigel Hugh-Smith becomes head of global research and Simon Clegg becomes corporate development and planning director.

Charkham's "rigorous" appraisal

"Mr Corporate Governance" Jonathan Charkham, member of the Cadbury Committee, first director of Pro Ned and author of a yet to appear but no doubt worthy book on corporate good practice, has been appointed a non-executive director of CrestaCare, the nursing home group. This is the second such job he has picked up since retiring from being adviser on industry to the governor of the Bank of England in June. The first was with Great Universal Stores, rather larger than CrestaCare.

Indeed, his appointment must be something of a coup for CrestaCare, which has seen its share of governance changes lately with both a new chairman and chief executive in recent months. Current holder of the latter post Andrew Taee, who joined in March after ousting John McAllister from the job, says Charkham put CrestaCare through a "rigorous" appraisal before accepting.

He apparently approved Taee's fixed, three year, £150,000 a year contract. McAllister, who had a three year rolling contract at £100,000 a year, is thought to have received £300,000 compensation. Charkham will chair the audit committee and sit on the remuneration committee.

Charkham, a barrister by training, has also served on the committee of corporate governance in the National Health Service, which will be handy experience at CrestaCare – many of whose patients come from the NHS.

■ Scott Svenson is appointed director in charge of strategic development and corporate finance; he joins from Apax Partners.

هكذا من الأصل

Technology is a magnificent thing. Unfortunately, it is also an unbelievably expensive thing.

Indeed, the latest technology could end up costing a company millions of pounds.

More's the pity, it doesn't stay the latest for very long. Which is why those companies who want to keep up with IT have to keep buying and buying and buying and buying new systems.

And, of course, all computer manufacturers have an interest in keeping selling and selling and selling and selling them. Which last year alone led to computer companies turning over a tidy £700 billion.

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BUSINESS AND THE ENVIRONMENT

Years of mining lignite have left eastern Germany with a severe pollution problem, says **Judy Dempsey**

Cleaning up after the Party

Ulrike Preuss

The authorities face the challenge of reclaiming and cultivating the land around the obsolescent lignite mines after they close

Nobody said it was going to be easy. Nobody said it would be cheap. Everybody agreed it was a mess. Cleaning up eastern Germany after 40 years of communist rule and, before that, several decades of rapid industrialisation presents an enormous challenge to the German authorities.

One of the main challenges is healing the damage caused by extensive brown coal (lignite) mining. Vast areas of landscape were scarred by opencast mining and the air polluted as the fuel was burned in power plants.

Until 1990, lignite mining affected 1,280 sq km, or 1.2 per cent of the land area of eastern Germany. These sites, containing a high level of sulphuric acid, were one of the main sources of eastern Germany's high levels of water and air pollution.

The enormous range of measures needed to clean up the mess left by mining and other economic activities in eastern Germany was summed up in the basic targets set out by Germany's environment ministry in November 1990, a few months after unification. The paper listed tasks that required immediate action:

- Construction or modernisation of 35 municipal and 24 industrial waste treatment plants in the Elbe region; and construction of 27 sewage treatment plants near the Baltic Sea and the Oder and Neisse rivers;
- Construction of 6,200 km of new sewers and modernisation of 5,000 km of old sewers;
- Modernisation of 278 outdated plants – including 10 lignite burning power stations – 142 industrial power stations and 126 heating plants;
- Establishment of 10 hazardous waste treatment sites;
- Construction of five thermal units for the treatment of contaminated soils.

The extent of these plans shows how damaging an impact industrial, water and air pollution had on the country as a result of the neglect of the infrastructure.

Over the years, chemical plants were located around some of the opencast mines in what are now the states of Brandenburg, Saxony and Saxony-Anhalt. The brown coal could then be transported quickly and easily to industry, which could in turn dump its waste in exhausted pits or huge landfills.

In the process of extracting the brown coal, the engineers strip-mined. The idea was to pump water out of the soil in order to get at the lignite. The problem was that once the mines were exhausted, the unchecked water levels rose. As this happened, the water soaked through layers of sulphuric acid or through waste dumped by local industry. Once the water reached the surface, it flowed into the rivers, streams and often the domestic water supplies.

The task now facing the states and the federal government is how to close down some of the obsolescent lignite mines with the aim of making the surrounding land fit again for cultivation. Both parties, and the Treuhand, the agency charged with privatising and restructuring east German industry, have embarked on a long-term policy which will lead to land reclamation, as well as short-term job creation. As ever, the problem lies in the cost.

In March, the federal government and the Treuhand put together a financial package to tackle these issues. The government will provide 60 per cent and the states 40 per cent of the cost of cleaning up "local levels of contamination" or cases which do not endanger life. For the more difficult and often hazardous projects, such as cleaning up the brown coal and chemical sectors, the government will provide 75 per cent of the cost and the states 25 per cent. The total cost, spread over five years, will be at least DM15bn (£6bn).

Yet, now that some of the financing has been arranged, Heiner Bonnenberg, one of the Treuhand's main experts on reclamation, says the costs for cleaning up eastern Germany are not as high as first estimated. In fact, he believes they were often distorted, partly so that investors, or their consultants, could exaggerate the environmental hazards in order to beat down the Treuhand's selling price.

> **'We could not ask the investor to pick up the environmental liabilities. At that rate, nothing would be privatised'**

"Of course, we could not ask the investor to pick up the environmental liabilities. At that rate, nothing would be privatised," he says. Yet he and his colleagues believe that unrealistically high costs of environmental liabilities were built into the balance sheets.

To prove his point, Bonnenberg says the Treuhand had been allocated DM800m this year for cleaning up industry, excluding brown coal. "We have used only DM200m, partly because the clean-up is not as bad as we thought; and also the states, which initiate the instructions for the clean-up, have not actually asked us to press ahead," he explained.

But it is not as clear-cut as that. On the one hand, the visible effects of environmental damage have sharply decreased throughout eastern Germany as a result of the collapse of its industry, so perhaps the sense of urgency has faded correspondingly among the states.

On the other hand, many states either have difficulties raising their share of the costs for the clean-up or simply do not have the personnel to evaluate the extent of the environmental damage.

However this may be, the states have a political interest in land reclamation. Since many brown coal fields will soon be shut, the unemployment rate will increase. Before 1989, for instance, the fields of Laubag in Brandenburg, and Mibrag in Saxony-Anhalt, together employed more than 100,000 people. By next year, they will employ fewer than 30,000.

To counter the effects of rising unemployment, the federal government has devised a programme in which former mining employees will be redeployed in job-creation schemes to gradually shut down the mines.

"Closing a mine is not as easy as you think. It is a very expensive undertaking," says Helmut Ballon, one of the senior Treuhand officials responsible for privatising coal. "Germany's Mining Inspectorate, which oversees the running and closure of mines, has very strict regulations for shutting mines. It is in our interests to meet them. We cannot sell the land until we have met all the requirements needed to reclaim or recultivate the land," he explained.

Inevitably, the cost of reclamation indirectly impinges on the selling price of mines which will be used for some time yet. Ballon cited the cases of Laubag and Mibrag: "For each tonne of coal these mines sell, we must put some money aside for rehabilitation, otherwise the mines will never be released from their duties by the Mining Inspectorate. Of course, all burdens of rehabilitation will be left with us. If we consider the category of danger to human life, we reckon we will need about DM12bn to cover the worst environmental aspects of rehabilitating the areas surrounding these mines."

During the next five years, the Treuhand will spend DM1.5bn a year to rid the mines of the most dangerous environmental damage. With the co-operation of the states, it will employ 15,000 people on this, albeit on lower incomes.

The scheme has two functions: it will deal as rapidly as possible with the worst dangers that attend mine closures, such as the rise in the level of contaminated water; and it will provide temporary employment of up to three years for each person.

The results of cleaning up contaminated land can be seen in the Ruhr region in western Germany. Once the heartland of Germany's pre- and post-war industry, it has been transformed into a services sector and partial tourist attraction, helped by lakes formed with the water pumped out of the closed mines.

Officials in Leipzig, the capital of the east German state of Saxony, want its surroundings to resemble the Ruhr, once the old mines are closed. There is even talk of Leipzig trying for the Olympic games some time in the next 20 years.

How green is my superstore?

Shopping can be a waste of energy, reports **Victoria Griffith**

The concept of "environmental architecture" has invaded architectural and development offices around the US, although developers, architects and environmentalists disagree over what the term really means. To some, the concept involves buildings which use recycled materials and contain energy-saving features. To others, it has far more to do with a building's location.

Wal-Mart, one of the largest retail groups in the US, has somehow landed at the centre of the debate. A few months ago, the successful discount chain opened a new store, dubbed the Eco-Mart, in Lawrence, Kansas.

The store incorporated a number of innovative ideas, including an air-conditioning system which uses no CFC-based refrigerants, a solar-lit sign at the entrance, an environmental education centre and a community recycling centre. Even the car-park was paved with recycled asphalt.

Not all environmentalists are convinced that the Eco-Mart is a positive trend. Activists in the state of Vermont, for example, are opposing the construction of Wal-Marts on the outskirts of two communities on the grounds that their very presence is anti-environmental.

At the heart of the controversy is environmentalists' fear that the new stores will add to city sprawl and increase Vermonters' dependence on their cars.

"It does no good to call a building 'energy-efficient' if people have to expend a lot of energy to get there," says Gerald Tarrant, the lawyer for the citizens group opposing the construction of the Wal-Mart in the town of Williston.

Some ecologists, however, laud Wal-Mart's decision to build an environmentally sensitive prototype. "We would prefer to see the Wal-Marts located on other sites, but you can't just throw up your hands and say you don't want to work with any groups which locate outside city centres," says Meredith Miller, senior programme manager at the Center for Resource Management, an environmental group which advised Wal-Mart on the project. "At least it's a step in the right direction. They set an example for other retailers to follow."

The Wal-Mart chain is bearing the brunt of growing frustration at the rapid multiplication of shopping malls in the US.

"Environmentalists have been slow to pick up on the issue of sprawl, but they are beginning to realise this is fundamental to the preservation of natural areas," says Stephen Young, Vermont state representative for the National Audubon Society, the environmental advocacy group. "The best friend to the countryside is a strong, dense city or village centre."

The debate is especially acrimonious because it calls into question the suburban way of life in America. Suburb-to-suburb commuting and shopping is a growing phenomenon. Since most public transport has been planned solely to move people to and from town centres, rather than between suburbs, these commuters are forced to rely on automobiles.

Some architects are seeking to change these patterns with new "village-style" designs, which aim to cut down on automobile use. The architectural firm Duany & Plater-Zyberk, for instance, has gained fame for the Florida community of Seaside. The place follows the pattern of a European-style village, where people live, work and shop, with houses fitting tightly around a strong retail centre.

Seaside has proved so popular that the firm has designed 70 similar communities around the country. Duany & Plater-Zyberk says the Seaside model does not intend to solve all the problems of city and suburban sprawl.

However, its popularity highlights the growing concern about excessive car use. With environmentalists stressing the issue, developers, architects, retailers and restaurant chains may all be forced to pay more attention to location when they consider ecologically sensitive constructions.

Television/**Christopher Dunkley**

Secondhand soap loses its froth

As actors grow old they convince themselves that less is more; that the pinnacle of acting is the portrayal of the simpleton. Peter Sellers was, by all accounts, obsessed with the idea of playing the featherbrained gardener in *Being There*, his last major film, and now we hear that Alec Guinness was dead keen to play the part of the mentally damaged Amos in Roy Clarke's "Screen One" drama on BBC1, *A Foreign Field*. At the age of 79 Guinness took on the part of a man with the mind of an eight-year-old, having just five words to say (so we are told; I must have missed most of them) and was finally able to try his hand at emulating his hero, Buster Keaton. Of course Keaton was silent of necessity, having become a film star before they invented talkies. It is very different, and surely a little perverse, to revel in the eschewal of language once it is available to you. As you might expect, Guinness was pretty impressive in the role, but it is sentimental and dishonest to pretend that there is something mystically enriching about being a dumb septuagenarian. For the audience, watching an actor playing an old man without the aid of dialogue may be a little more interesting than watching a drama school exercise in minimalism with students obliged to "be a table", but not much.

★

By the time this column appears in print, perhaps Nigel Short will actually have triumphed over Gary Kasparov and won his first game. Let us hope so, for the sake of Channel 4's *World Chess* series which is becoming more and more embarrassing. Even in the earliest stages, before it began to look ominously like a Kasparov walkover, the programme felt a bit hyped. Though there were only three people in the studio, including the presenter, there seemed to be too many experts; and the desperate desire to talk up a storm resulted too often in a babel of voices. Presenter Carol Vorderman's technique is to ask a girlish question and then, just before we get to the point of the answer, butt in with a girlish comment or a new girlish question. Apart from those late night "animal watch" programmes where the presenters try to obscure the tedium of somnolent rodents by pouring out a stream of hushed burbling commentary, *World Chess* is proving just about the most irritating programme on television.

★

The chip-on-the-shoulder view within the Murdoch mass media empire is that Murdoch television networks and newspapers attract endless sneering because the old English public school establishment is deeply snobbish and turns up its nose at Rupert Murdoch whom it sees as a jumped up colonial with more money than taste. Gosh, the Murdoch adjutants keep telling us, he's a great businessman who never, well hardly ever, interferes with editorial content. He phones up often enough to talk about marketing or the competition, but never dictates leader policy, what more could you ask? You could ask that he *did* take a bit of interest in the content. How much more admirable and inspiring if, faced with a lack of success at The Times, instead of turning to a marketing mechanism and lopping a third off the cover price, Murdoch were to declare that they would improve the editorial content to such an extent that it would outsell all competitors on merit. How exciting if, instead of the Murdoch satellite television channels being hyped so absurdly in the Murdoch press, Mr Murdoch himself were to say "We're one of the world's richest mass media conglomerates, so we'll stop filling our channels with all this secondhand Australian and American rubbish and invest money in the origination of high quality comedy, documentaries, drama, wildlife programmes, music and arts."

★

Not that the satellite is the only place where you find Australian and American rubbish. Switching off a tape at lunchtime on Monday, I found myself watching *Neighbours* on BBC1: Australian, of course. ITV was simultaneously screening another Australian soap: *Home And Away*. BBC2? An Australian cookery programme, presented by a man of abnormally repellent tone and manner. Meanwhile Channel 4 was showing *Bobobobs*, a half-hour American cartoon show. Last week, according to the BARB figures, these four terrestrial channels took 93.2 per cent of the audience with all the satellite and cable channels managing only 6.8 per cent between them. But if the terrestrial channels are going to force us, like their satellite competitors, to choose between secondhand Australian and secondhand American programmes, with not a single home produced programme on the air, it is going to be difficult to defend them against the worst excesses of the market place.

★

There have been transatlantic format deals which worked: *Till Death Us Do Part* and *Steptoe And Son* went west and became highly popular in the US as *All In The Family* and *Sanford And Son*. ITV's current series *The Upper Hand* in which Joe McGann plays a sort of au pair to a shoulder padded businesswoman is an example of the process travelling east, and quite a lot of viewers seem to like it. But, so far, ITV's *Brighton Belles* has been a disaster. It might, perhaps, seem less dreadful to somebody who had never seen *The Golden Girls*, but anybody who became fond of the American original on Channel 4 must surely find this wan English copy desperately difficult to watch. Sheila Gish, Sheila Hancock, Jean Boht and Wendy Craig are good enough actresses (though it seems ludicrous to ask Boht, who looks about 55, to play the mother of Hancock who looks about 57) but they simply are not the wise-cracking ball breakers for whom the original ideas were created. It is bad enough to rely for laughs on such awkwardly contrived lines as "I'm as jumpy as a virgin in a tentful of Boy Scouts", but catastrophic to cap that with the line "That's pretty jumpy". It seems clear from the nervous over-manipulation of the laughter track that the producers are keenly aware of their difficulties.

★

However, while *The Golden Girls* may have been highly successful in its eastward move, the same cannot be said for C4's *American Football*; not so far as this viewer is concerned, anyway. Having previously sampled it, recorded my boredom, and been assured by enthusiasts that it is a splendid spectator sport once you really get into it, I tried again with *The Big Match*. It still looks tediously static, with ground usually being gained at about the speed of a self-advancing pit prop. Moreover the players still look like a lot of strutting cissies with their absurd Tweedledum padding, and the unceasing Gatling gun commentary is unendurable. Hurling, on the other hand, as brought to us by C4 in *Gaelic Games* seems to be a breathtakingly exciting sport which is wickedly under-reported on television. Perhaps the All-Ireland final between Galway and Kilkenny was an unrepresentatively magnificent match, but it was one of the fastest and most spectacular sporting occasions I have ever seen. There seem to be few rules: you can throw and catch the ball, kick it, run with it, toss it up and whack it with your stick, score goals in the net or points by getting the ball over the uprights above, and the ball moves from one end of the pitch to the other in seconds. Tackling is rough and nobody goes whining to the referee if, as frequently happens, a stick comes down inadvertently upon a head. Hurling makes American football look like something invented for kindergartens: television should bring us much more hurling, and not after midnight.

Ballet music reborn

Clement Crisp recommends some new recordings of old favourites

"Whatever the excellence of his other works, Tchaikovsky never surpassed *The Sleeping Beauty*." So writes Roland John Wiley in his magisterial study of the composer's three ballet-scores.

It is a statement calculated to give pause to devotees of the operas and symphonies, but a study of *Beauty*'s music will show with what theatrical power and melodic prodigality Tchaikovsky transformed a genre that had previously been unconsidered and unimportant. With him, and with Delibes and Lalo and Glazunov, music for dancing became glorious in the 19th century. *Beauty*'s score, indeed, transcends the theatre, presenting us with a metaphor as potent as classical dancing itself for a formal elegance that is an ideal of noble behaviour. Listening to the music, and watching Petipa's choreography – in a responsible production – we see the apotheosis of 19th century ballet. The fruit of a courtly society attendant upon the absolute monarchy of Tsar Alexander III, paying homage to the earlier absolutism of Louis XIV, *Beauty* is a supreme example of the aristocratic principle in art.

A new issue of the complete *Beauty* comes from the orchestra of the Mariinsky Theatre where the ballet had its first performance in 1890. ("Very nice" was the Tsar's depressing comment to Tchaikovsky at the *répétition générale*, and the composer noted this with five exclamation marks in his diary). The performance is issued by Philips on 3 CDs: 434 923/4/5 - 2, with the curiously named Kirov Orchestra, St. Petersburg conducted by Valery Gergiev. It is an interpretation which must claim our attention: it has a stylistic authority given by players who understand the music's traditions in the theatre of its birth.

The text is complete. Small cuts are fascinatingly opened in Aurora's last act variation, in the *entrée* of the grand pas de deux, and a significant passage is restored at the end of Act 2, when the spell of sleep has been lifted and the court awakens. This should be imposed upon every production: the usual helter-skelter closing of the scene – "He's kissed her; she's awake; let's get on to the last act, pronto, then we shan't have to pay the orchestra over-time" – is an insult to Tchaikovsky, to Petipa, to the dancers, and the audience. Any truncating of this score, any jiggery-pokery by producers – and there have been truly despicable stagings in recent times- destroy the grace of Tchaikovsky's structure, which is clear to perceive as you listen to the ballet in its entirety, or watch it in the Mariinsky Theatre.

With the Mariinsky orchestra much of the playing is beautiful – the symphonic interlude when the prince journeys to the castle is fine indeed – and there is implicit in every number an understanding of the music's life on stage, in tempo and dramatic feeling. Only the Prince's last act solo is taken at an unsuitable speed. I found Gergiev's handling of the score sympathetic. A few passages are somewhat deliberate – the Vision scene dances short on fantasy – but this is in the main a valuable issue.

I do not understand, though, why Philips should produce so unworthy a booklet to accompany it. John Warrack's English-language commentary is excellent, but the French note has its curious moments, and the illustrations are provocatively bad. The cover photograph is a fuzzy shot of two dancers rehearsing, wearing practice dress and ectoplasm, while the CD cover boasts a dull snap of an awkwardly posed danseuse, a negation of everything *Beauty* means in the theatre. Tchaikovsky is shown to us as he was in 1868 (so helpful), and there is an unidentified picture of the Mariinsky Theatre. Nothing relates with any sense to *Beauty*, nor to its traditions in Petersburg.

Another important but too-often ignored dance score of the period is Edouard Lalo's *Namouna*. It is irresistible music, first heard at the Paris Opera in 1882, when it was staged by Marius Petipa's elder brother, Lucien, a notable dancer but less known as a choreographer. *Namouna*'s plot was a thin incident about a young lord who gambles away his favourite slave to another nobleman, and its interest lay in the potential for local colour of its setting on Corfu. Given the enfeebled state of French ballet by the 1880s, it is small wonder that the ballet did not survive, but the score has always had its aficionados.

That it is still known is partly due to Serge Lifar, who made his *Suite en blanc* for the Paris Opera dancers during the dark days of the German Occupation. He used Lalo's own two orchestral suites from the ballet, and we can still see *Suite en blanc* today, an exhilarating blaze of plotless virtuosity, buoyed up on the score's driving rhythms and piquant, witty melodies. A new recording of *Namouna* (Valois: V 4677) comes from *Valois/Musique Française/ Biennale de Lyon*, a collection dedicated to the promotion of French music from 1790-1950. The performance is by the Orchestra Philharmonique de Monte Carlo under David Robertson, and the disc comprises Lalo's two orchestral suites (the numbers positioned in their proper order in the full score) and four additional items, with the opening of a large cut in the delicious "Valse de la cigarette". (Namouna rolled and smoked a cigarette on stage at this moment. Gasps from the stalls.)

It is music I adore, for its vivid sonorities, its charm, and its adventurousness, and it is very respectably performed. A comparison with Jean Martinon's 1971 recording of the suites with the Orchestre National de l'ORTF, shows him marginally lighter in touch, but this is an interpretation that everywhere respects Lalo's music. I cannot admire the turgid programme notes provided: why cannot record companies give us well-written – and well-illustrated – booklets?

As a look back to an earlier manner of ballet music, Richard Bonynge and the English Chamber Orchestra offer a two CD recording (Decca: 439.288-2) of *Le Corsaire* as it was given at the Paris Opera in 1867. Forget almost everything you might have heard in the Kirov Ballet's version of this merry old romp: that score is a ratatouille owed to at least five composers. This issue offers an editing of the ballet's original (1856) text by Adolphe Adam, with the addition of Delibes' mellifluous *Pas des fleurs*. Adam's writing is eloquent, speaking the theatrical language of his time with a lot of charm. Delibes' contribution is pretty as can be: we can already hear the genius that was to give us the miracles of *Coppélia* and *Sylvia*. The whole thing is something of a curiosity, but Bonynge loves such music, and it is fetchingly done. There are excellent programme notes from Ivor Guest. But why does Decca not provide illustrations of *Corsaire*, and let the listener see something of the theatrical marvels that made, and continue to make, this dear old ballet so popular?

Alastair Muir

Scene from 'Bohemian Lights' in the new stage space at the Gate Theatre

Theatre/**Alastair Macaulay**

'Bohemian Lights' reopens the Gate

Like many another, I love the Gate Theatre, and my love is mixed with both gratitude and wonder. Gratitude, because no single theatre has done more to extend my ken of world drama. Wonder, because it is tiny and stages its marvels on a shoestring without being able to pay its performers. Imagine, those of you who have not ventured there, what it is to climb upstairs above a Notting Hill pub and to discover a real masterpiece – a masterpiece of which you had not even heard – of modernist/Romantic/baroque/Renaissance drama, vividly performed. Yes, riches in an upper room; blessed poverty.

Now, after some months' closure, it is slightly less poky. Even the stairs seem wider. The foyer has been enlarged, and is now a handsome deep crimson; and the auditorium (where the stage used to be) has wider rows, seating 132 instead of 56, while the stage (where the audience used to be) is better equipped; and I am told stage and audience areas are reversible. Backstage, technical and box-office facilities are all said to be improved; and air conditioning has been installed. Not all is yet perfect; on press night offstage noise was more audible than before. But an invaluable theatre has been altogether strengthened.

The Gate keeps extending our range by extending its own. It reopens with a season of 20th-century world theatre, and first with Ramón Maria del Valle-Inclán's 1924 play *Bohemian Lights*. Though plays by Valle-Inclán have been performed in London before, he is still scarcely known here. In Spain, however, a white scarf is draped around his statue in Madrid each year; and he really *must* be good, because the press release says that Michael Billington calls him "the most pioneering Spanish dramatist of this century". But . . .

Unfortunately, poor Valle-Inclán (d. 1936) here has been elbowed out of the way by translator David Johnston and designer Richard Hudson – who both seem to insist "*I* am the ballerina of this show." The play is a grotesque post-Goya vision of the Madrid he knew, torn by civil disturbance, as reimagined by a blind and drunk poet on the last night of his life. Johnston, however, has transferred it firmly into the Ireland of 1915 – so firmly that it is often impossible to tell what the Spanish original could have been like.

I can take (say) *Phèdre* translated into the India of the British Raj, because it is easy to find the more traditional *Phèdre*. Valle-Inclán, by contrast, is a rare bird in this country; and the folk who have just introduced me to his work have made him out to be an alternative James Joyce writing on a highly specific view of Dublin.

Yet the real virtuoso turn is Richard Hudson's set, which has neither Madrid nor Dublin on its mind. It has windows within doors, cupboards within doors, *doors* within doors; it has trapdoors, and a grave; and what its ceiling does in Act Two nearly gets a round of applause. Its rectangular proscenium area is skewed at an angle of 20 degrees; it has a raised midground, and a lower rear area; plus an *ascending* curtain. It is also covered with handwritten prose which not infrequently distracts from the play. Too bad they did not give it a curtain-call of its own: it probably could have done a dance.

The director, the usually exemplary Lawrence Boswell (artistic director of the Gate), must take blame for these two over-clever top-layers. Nonetheless, he honours Johnston's Irish version, and fleshes it out with a cast of 18. *Bohemian Lights*, when you can concentrate on it (mainly in the final hour), is full of irony about its protagonist: he is a blind man who is all vision, a drunkard who is a poet, a family man who roams the streets. In a final blaze, he talks of distorting the traditional classical vision in a hall of mirrors – by looking at the world through the bottom of a glass tankard.

But his drunkenness here, and his vision, become so specifically Irish, and the play becomes so much about the troubles of Dublin in 1915 – with Yeats present as a character, and people referring to Parnell and Ulster – that we lose track of Valle-Inclán's intention and get caught up instead in the politics and sociology of Ireland. Most of the acting, led by Tony Rohr and Ray Callaghan as the poet and his croney, is excellent; but much of the speaking is too loud. The intensity of delivery does not lead us into the play, but creates another barrier between it and us.

At the Gate, W.11, until October 23

INTERNATIONAL ARTS GUIDE

■ BONN

Oper Tonight: Valery Panov's production of Prokofiev's ballet Romeo and Juliet. Tomorrow and Sat: Marcello Panni conducts Guy Montavon's new production of Der Wildschütz, with a cast including Eva Lind, Thomas Mohr and Monte Jaffe. Sun: Dennis Russell Davies conducts revival of Ken Russell's production of Salome, with Emily Rawlins. Next Tues: Werther with Francisco Araiza (0228-773667)

■ STUTTGART

- In the final week of the **Ludwigsburg** Festival, Roger Norrington conducts Chamber Orchestra of Europe tomorrow in symphonies by Brahms and Schubert, followed by a jazz/tango programme on Fri and a concert performance of Verdi's Giovanna d'Arco on Sun, with a cast including Renato Bruson (07141-949610)
- This month's repertory at the **Staatstheater** is Parsifal, Die Zauberflöte and La Boheme. The first new production of the season is the world premiere on Oct 3 of Hans Zender's second opera Don Quijote de la Mancha (0711-221795)

■ BORDEAUX

Alain Lombard conducts the Orchestre National Bordeaux Aquitaine in works by Brahms and Rakhmaninov next Tues and Wed at the **Palais des Sports**, with piano soloist Bruno Leonardo Gelber. The orchestra goes on tour next month to Germany and Austria with the same artists, beginning on Oct 6 in Frankfurt and ending in Vienna on Oct 17 (5648 5854)

■ COLOGNE

Opernhaus Tonight, Sat, next Wed: James Conlon conducts Willy Decker's new production of Yevgeny Onegin, with Adrianne Pieczonka, Boje Skovhus, Kurt Moll and Helga Dernesch (in repertory till Oct 16). Fri, Sun: Conlon conducts revival of Liviu Ciulei's production of Cosi fan tutte (0221-221 8400)
Philharmonie Tonight: Orlando Quartet plays works by Haydn, Grieg and Beethoven. Tomorrow: Mercedes Sosa and Ensemble. Fri: Heinz Wallberg conducts Cologne Radio Symphony Orchestra in Weber, Chopin and Franck, with piano soloist Nelson Freire. Sat: Charles Dutoit conducts NHK Symphony Orchestra in Schumann, Takemitsu and Bartok, with violin soloist Masafumi Hori. Sun: Leopold Hager conducts Orchestra of Radio Luxembourg in Beethoven, Chopin and Dvorak, with piano soloist Bella Davidovich. Next Tues: Vassily Lobanov piano recital. Sep 30: Riccardo Muti conducts La Scala Orchestra (0221-2801)

■ COPENHAGEN

Royal Theatre Tonight: Die Zauberflöte. Tomorrow, Fri, next Mon: mixed bill of choreographies by Balanchine, Lander and Laerkesen. Sat: Drot og Marsk, Danish historical opera (tel 3314 1002 fax 3312 3692)

■ DRESDEN

Semperoper Tonight: Lucia Popp song recital. Tomorrow and Sun: La boheme. Fri and next Tues: Rakhmaninov opera and ballet evening. Sat: Arabella (0351-484 2731)
Kulturpalast Sat and Sun: Jörg-Peter Weigle conducts Dresden Philharmonic Orchestra in works by Barber, Mahler and Bruckner, with mezzo soloist Iris Vermillion (0351-486 6306)

■ DUSSELDORF

Deutsche Oper am Rhein Tomorrow: Gluck's Iphigenie en Aulis. Fri, Sun and Tues: Heinz Spoerli's ballet Giselle. Sat: Rigoletto (0211-8908 211). **Duisburg Theatre** has La fille mal gardée on Sat evening, Don Carlo on Sun afternoon and a new production of Arabella opening on Oct 2, with Pamela Coburn in the title role (0203-3009 100)
Schauspielhaus A new production of Eugene O'Neill's play Mourning Becomes Electra opens on Sat, directed by Werner Schroeter. Repertory also includes Shakespeare's Romeo and Juliet (tickets 0211-369911 information 0211-162200)

■ FRANKFURT

Alte Oper Tonight: Roger Norrington conducts Chamber Orchestra of Europe in works by Schumann, Schubert and Brahms. Tomorrow, Fri: Dmitri Kitaenko conducts Frankfurt Radio Symphony Orchestra in Beethoven, Glazunov and Stravinsky. Sun morning, Mon evening: Gianluigi Gelmetti conducts Frankfurt Opera Orchestra in Dvorak and Schubert, with cello soloist Mario Brunello. Sun evening: Yan Pascal Tortelier conducts Berlin Radio Orchestra and Chorus in Busoni, Tanaka and Ravel, with piano soloist Garrick Ohlsson. Next Tues: Marcello Viotti conducts Saarbrücken Radio Symphony Orchestra in Debussy, Bartok, Rolf Riehm and Stravinsky. Sep 30: Alfred Brendel (069-1340 400)

■ GOTHENBURG

Stora Teatern Tonight: John Copley's production of L'elisir d'amore, sung in Swedish. Fri: premiere of Robert North's new ballet entitled The Russian Story, music by Tchaikovsky and Shostakovich (031-131300/ 031-136500)
Konserthuset Tomorrow and Fri: Walter Weller conducts Gothenburg Symphony Orchestra and Chorus in works by Lidholm, Brahms and Dvorak (031-167000)

■ HAMBURG

- The first performance of the season at the **Staatsoper** is Der Rosenkavalier on Sat, followed by Il trovatore next Thurs (040-351721)

■ LEIPZIG

Gewandhaus Tomorrow and Fri: Jia Lu conducts Gewandhaus Orchestra in works by Schubert, Zimmermann and Schumann, with trumpet soloist Hakan Hardenberger. Sat: New Bach Collegium plays music by Rameau. Sun: Gewandhaus Orchestra chamber music evening (0341-7132 280)
Opernhaus Tomorrow: Uwe Scholz's ballet Wagner/Pax Questuosa. Fri: Jörg Herchet's new opera Nachtwache, staged by Ruth Berghaus and conducted by Lothar Zagrosek. Sun afternoon: Grétry's Zémire et Azore (291036)

■ LYON

Opéra de Lyon opens the 1993-94 season on Sun with a revival of Debussy's Rodrigue et Chimène, conducted by Kent Nagano and staged by Georges Lavaudant (repeated next Tues and Thurs). (7828 0960)

■ OSLO

Konserthus Tomorrow and Fri: Evgeny Svetlanov conducts Oslo Philharmonic Orchestra in works by Tchaikovsky, Grieg and Prokofiev, with soprano soloist Natalia Gerasimova (2283 3200)

■ STOCKHOLM

Royal Opera Tonight: Suppé's operetta Boccaccio. Tomorrow and next Tues: Tosca. Fri: Siegfried Köhler conducts Folke Abenius' new production of Elektra. Sat and Mon: Beryl Grey's production of Sleeping Beauty (tickets 08-248240 information 08-203515)
Konserthuset Tonight: Andrew Litton conducts Royal Stockholm Philharmonic Orchestra in works by Glinka, Szymanowski and Brahms. Next Tues: Carl Axel Dominique piano recital (tickets 08-102110 information 08-212520)
Berwaldhallen Fri: Leif Segerstam conducts Swedish Radio Symphony Orchestra in works by Berlioz, Tchaikovsky, Puccini, Gounod and Blomdahl, with piano soloist Niklas Sivelöv and soprano Ingibörg Gudjonsdottir. Sat: Karsten Andersen conducts Bergen Philharmonic Orchestra, Chorus and soloists in Grieg's Peer Gynt (784 1800)

ARTS GUIDE

Monday: Berlin, New York and Paris.
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Wednesday: France, Germany, Scandinavia.
Thursday: Italy, Spain, Athens, London, Prague.
Friday: Exhibitions Guide.

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Sky News: Financial Times Reports 0530
Saturday Super Channel: Financial Times Reports 0930
Sky News: West of Moscow 1130; 2230
Sunday Super Channel: West of Moscow 1830
Super Channel: Financial Times Reports 1900
Sky News: West of Moscow 0230; 0530
Sky News: Financial Times Reports 1330; 2030

Edward Mortimer

Africa's lunatic asylum

US ends in Somalia are admirable, but do not justify the means

"The UK government said last night its forces would fire on civilians being used by IRA gunmen as 'human shields', despite casualties among women and children on Thursday when British helicopters fired into a crowd."

Just imagine the worldwide outcry that would greet that news item. Imagine, especially, the storm of indignation that would sweep across the US. It would surely end, once and for all, any talk of a "special relationship" between the UK and the US.

Now read the item again, substituting "United Nations" for "UK government" and "Somali militiamen" for "IRA gunmen". I did not make it up. It was the opening sentence of a report from the FT's Africa correspondent, published 10 days ago.

I tried this trick on several US officials and commentators in Washington and New York last week. Needless to say, they did not like the analogy, but they floundered somewhat in trying to explain what was wrong with it.

"But in Northern Ireland you'd be killing your own people, your kith and kin," said one. "Aha," I replied, "so is it perhaps their skin colour that makes Somali women and children expendable? If so, won't black American leaders soon have something to say about it?"

Apparently not. Black leaders were to the fore in urging the US to go in and save Somalis from starvation, complaining that the UN had become exclusively obsessed with a "white man's war" in Yugoslavia. Therefore, I was told, they are not well placed to call for a pull-out now.

War and "warlordism" – disrupting the production and distribution of food – were the main causes of famine in Somalia. Everyone seems to agree about that. That is why armed intervention was deemed necessary to end the famine. The first UN force (Unosom I), dispatched in August 1992 to supervise and protect food deliveries, failed to overawe the warlords. So in December a stronger force (Unitaf) was sent in, authorised by the UN Security Council but under US command.

Initially the US wanted to concentrate only on food deliveries. It was the UN secretary-general, Boutros Boutros Ghali, who insisted that the warlords must be disarmed at the same time if the operation was to have any lasting effect.

By the time the US command handed over to the second UN force (Unosom II) in May, the US had come round fully to Mr Boutros Ghali's view. In fact the US view now seems to be that all remaining problems in Somalia are the fault of one particular warlord, General

The UN is identified with a peculiarly American modus operandi

Mohammed Farah Aideed.

"On food, we have done very well," said US defence secretary Les Aspin on August 27. "On security, we have made progress." Somalia, he said, is now "generally peaceful", except for south Mogadishu, the Aideed stronghold. "The danger now is that unless we return security to south Mogadishu, political chaos will follow the UN withdrawal... The danger is that the situation will return to what existed before the US sent in the troops."

The US retains two separate forces in Somalia. There are logistics troops, which are part of Unosom II and under its commander (who is a Turkish general, but chosen for the job by the chairman of the US joint chiefs of staff, General Colin Powell); and there is the "quick reaction force" (QRF), composed of combat troops which remain under US command but back up the UN force when necessary, at the request of the UN special representative (who is another American, Admiral Jonathan Howe). It is the QRF which retaliates when UN troops are ambushed or fired on by General Aideed's forces, and which, therefore, has inflicted most of the casualties on Somali civilians.

This complex command structure results from the unwillingness of the US to do what every other contributor to UN forces has to do, namely place its combat troops under a commander of another nationality. Presidential Decision 13, which is supposed to define the availability of US forces for UN peacekeeping and other duties, has been held up by prolonged argument within the administration on this very point.

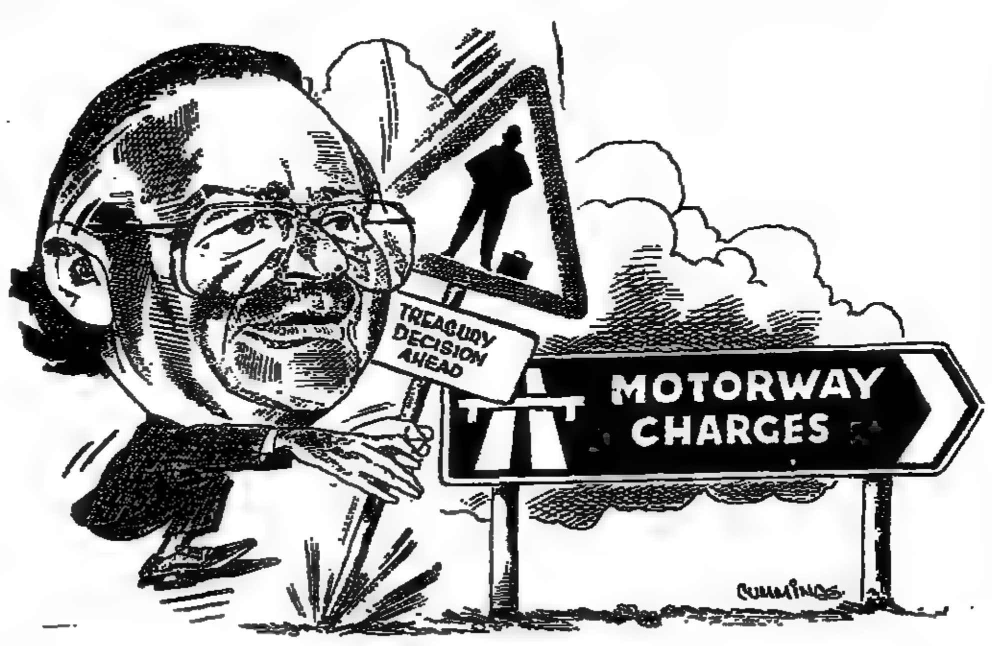
In the case of Bosnia, President Bill Clinton has insisted that if US troops do go in to help enforce a peace agreement they will do so under Nato and not UN command. (His aides say it is agreed within Nato that the French General, Jean Cot, who commands the present UN force in Bosnia, would also command the Nato troops; but it remains to be seen whether Mr Clinton is really prepared to try and sell that arrangement to Congress.) Meanwhile, the arrangements in Somalia ensure that the UN is identified, in the eyes of local opinion and of the world, with a peculiarly American *modus operandi*.

Somalia is not another Vietnam, or even another Panama; still less another Gulf war. It is like a grotesque re-enactment of all those by the inmates of a small lunatic asylum (on the lines of the French revolution as portrayed in Peter Weiss's play Marat-Sade). The objectives are admirable, and in this case untainted by any discernible US national interest. But several hallowed American principles are at stake:

- The battle is one of good against evil, and evil has to be incarnate in one man (Gaddafi, Noriega, Saddam and now Aideed).
- US casualties must be as low as possible, but US military superiority must make itself felt, no matter how great the "collateral damage".
- Any attempt at a negotiated solution constitutes "appeasement", if not "betrayal".
- Whoever questions the method is assumed to be urging abandonment of the entire enterprise.

Charging for UK road use has attracted support, write **John Willman** and **Charles Batchelor**

MacGregor gets show on the road



When Mr John MacGregor, the UK transport secretary, published proposals in the spring to charge motorists for using Britain's motorways, many Conservative backbenchers thought a public relations disaster was in the making. Like rail privatisation and talk of cuts in pension provision, the plan seemed set to alienate Tory supporters and add further to the government's unpopularity.

Yet now that the consultation period on the green paper has ended, Mr MacGregor appears to have won unexpected support for his proposals.

The Confederation of British Industry, the Freight Transport Association and motorists' organisations have all accepted the principle of motorway charges – though with differing degrees of enthusiasm.

The CBI has reversed its previous opposition to road charging, even though it estimates that motorway tolls would add as much as £300m a year to business costs. This would be outweighed by the benefits of reduced congestion and easier access to customers and suppliers, the CBI believes.

The Freight Transport Association, representing 12,000 companies in the freight transport and distribution business, says it is prepared to accept motorway charging as the only way of raising sufficient finance for improving the motorway and trunk road network.

"We're prepared to put our money where our mouth is," says the association's Mr John Gutteridge.

Even the two large motoring organisations, the Automobile Association and the RAC, accept the case for charging. Both acknowledge the opposition of their 13m members to paying motorway tolls, but say they will not oppose charging provided it is examined in the context of all motoring taxation. The RAC suggests that a reduction in other motoring taxes such as vehicle excise duty could ease the initial impact of road charging and win acceptance.

All the organisations prepared to comply with motorway charging do so largely because they accept the premise of the government's green paper that the public purse is not deep enough to build the new road capacity needed to accommodate the doubling of traffic by 2025.

This argument has encouraged other countries to adopt forms of road charging to fund new roads and reduce congestion, as Mr MacGregor has discovered in recent overseas trips. In May he visited Norway and Sweden to look at experiments in urban road pricing and last week he visited the US to look at several toll road projects.

If any nation could be expected to resist the introduction of paying for roads it should be the US, where cheap motoring and the "car culture" are deeply embedded. Even the terminology the Americans use to describe their highways – freeways – suggests an unrestricted and uncosted freedom to drive. Yet Mr MacGregor found a surprising willingness to accept tolling in response to increasing congestion on suburban freeways and pressures on trunk road budgets.

At Harris county in Texas, which includes Houston, he saw two toll roads built by the county after residents voted seven to three in favour of tolls. One, the Hardy Toll Road, links the airport to the town centre; the other, the Sam Houston Tollway, is part of an outer city ring-road.

The Federal Highway Administration in Washington, which is responsible for 45,000 miles of interstate highways, is also encouraging toll road construction.

"It is the only way to speed up our road-building programme," commented Mr Gary Maring, head of the transport studies division.

Federal, state and local authorities currently spend $83bn a year on road building

The CBI and other lobby groups insist that toll revenues should be spent on improving the motorway network

and maintenance, funded largely through an 11.5 cent tax on a gallon of petrol. "But we found these resources didn't meet our needs," said Mr Maring.

Pressure on revenues prompted legislation in 1987, allowing demonstration toll programmes in seven states. In 1991 this was extended to allow all states to charge tolls on new or reconstructed roads and bridges.

"We see toll roads as a supplemental finance mechanism and not as a replacement for the basic idea of funding road building through fuel tax," said Mr Maring.

Increasingly, electronic tolling is used globally to collect road charges. In Harris county, tolls were initially collected at manned and automatic toll booths but the county is now moving to electronic tolling.

Motorists carry an electronic tag on their windscreen. This is read as the vehicle passes through the toll plaza and the driver's bank account or charge card is automatically debited. Up to 1,800 vehicles an hour can pass through the electronic toll gates compared with just 350 when an attendant collects the money.

Motorists have been encouraged to sign up for Houston's tag system by a reduction in the standard toll from $1 to 75 cents, explained Mr Chuck Reedstrom, revenues manager of the Harris County Toll Road Authority. Some 17,000 motorists are now registered for electronic tolling and new subscribers are signing up at the rate of 1,000 a month.

Mr MacGregor's preference is for some form of electronic charging system for UK motorways. "It is fairly clear that in the long run tolling has to be electronic," he said during the US trip.

He will find support for this view when he and officials come to read the responses to his green paper on motorway charging. A strong advantage of electronic charging, according to these submissions, is that charges can vary with time and place of use to relieve congestion and encourage off-peak journeys.

However, the necessary technology for electronic tolling across the UK motorway system would take some time to install. To bridge the gap until then, Mr MacGregor has suggested a system of motorway permits, similar to the *vignette* system in Switzerland that requires motorway users to display an annual permit bought from post offices or petrol stations.

The bad news for Mr MacGregor is that there appears to be little support for a permit system as an interim step. Responses to his green paper say that it would be expensive to administer and difficult to enforce. They also point out that the cost bears no relation to use – indeed, permits might encourage motorists to increase their use of motorways to get the most from the cost.

There is also concern that tolls should supplement rather than replace existing Treasury finance for road-building and maintenance. The CBI, the Freight Transport Association and the motoring organisations all insist that toll revenues should be spent on improving the motorway and trunk road network, and that this money should be additional to the £1.7bn a year the government currently spends.

Mr MacGregor may find that clearing this hurdle is somewhat harder than winning support for the principle of motorway charging. The Treasury has long been implacably opposed to the idea that any form of government revenue should be "hypothecated" to particular types of expenditure. It is also unwilling to guarantee any particular level of finance beyond the current public expenditure plans.

However, persuading the Treasury to overcome its traditional stance on these issues may be the only way of keeping the public support for motorway charging that Mr MacGregor has succeeded in establishing.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL
Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Fallacy of common-market exchange rates

From Sir Alan Walters.

Sir, Professors Eichengreen and Wyplosz emphasise that "if Europe fails to restore exchange rate stability it will fail to complete the single market" (Personal View, September 17). I do not know whether the common market will ever be "completed", but it is perfectly clear that exchange rate stability, whatever that means, is not even a necessary, let alone sufficient, condition for a common market.

From 1601 to 1844 England and Scotland enjoyed a common market, even economic union, yet the exchange rate of the various Scottish currencies fluctuated freely against the pound sterling.

And today in North America, between Canada and the US, there is a close approximation to the ideal of a common market, soon to be "completed", yet there is no fixed or pegged Canadian dollar to the greenback, nor has anyone suggested that the North American Free Trade Agreement requires pegged rates or a Namu (North American Monetary Union). Nor does the lack of stability of the Canadian dollar seem to have inhibited economic integration within North America. Canadian-US trade flows are the largest in the world.

It is odd that Eichengreen and Wyplosz, in pursuit of a common market, propose to put taxes on capital movements within that market in order to defend pegged nominal exchange rates. Is the common market to be "completed" by tariffs on capital?

Alan Walters,
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More tales of unseated diplomat

From Ms Margaret Anstee.

Sir, Like your correspondent, Philip Whiteley (Letters, September 14), and as a future neighbour of the Bolivian naval base at Tiquina on Lake Titicaca, I, too, enjoyed Christina Lamb's dispatch ("The Navy lark", September 11/12).

Some variations on the story behind Queen Victoria's demand that Bolivia be expunged from British maps are even more curious than that recounted by Mr Whiteley. The reason for the British ambassador being ignominiously removed from La Paz, tied backwards on a donkey, is said to have been his refusal to accede to President Malgarejo's insistence that the diplomatic corps drink from the same bowl as his favourite horse, Holofernes, which regularly attended the bibulous banquets frequently offered at the palace.

Queen Victoria's initial reaction is alleged to have been "send in the navy". It was on being told that Bolivia was a landlocked country that she changed the punishment to deletion from the map.

As I pointed out in my book, "Gate of the Sun", however, this must be an apocryphal story since Bolivia had not then lost its coastline, an event that happened a few years later.

Margaret J Anstee,
former special representative of the United Nations secretary-general,
Villa Margarita,
San Pedro de Tiquina,
Lake Titicaca,
Bolivia

Accounts must be given real meaning

From P C Le Mesurier.

Sir, In his article (Accountancy Column, September 16) claiming that the Accounting Standards Board may be going in the wrong direction in trying to put more meaning back into the balance sheet, Mr Ron Paterson of Ernst & Young makes the curious statement: "At best, accounts can be expected to present only a rather stylised model of a company's financial affairs."

How on earth can this possibly be squared with the Companies Act requirement that auditors assure shareholders that the balance sheet gives a true and fair view of the state of affairs of a company?

Shareholders are entitled to expect that balance sheets do present such a view. If, in fact, the auditors regard such reports as merely a coded statement of something quite different, which they expect shareholders to understand, it is little wonder that a so-called "expectations gap" has developed. The puzzle is why Mr Paterson is not suggesting that the format for the auditor's report be changed to state what he appears to believe, namely: "In our opinion, the accounts give a stylised model of the company's financial affairs which, at best, may be true and fair."

It seems to me that the Accounting Standards Board should be encouraged to continue its efforts with the aim of converting balance sheets into documents which can genuinely be regarded as giving the shareholders a proper view of the state of affairs of companies, while at the same time ensuring that profit and loss accounts give shareholders a proper view of the profits. Mr Paterson's article seems to imply that the two are incompatible which cannot possibly be the case.

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Prices spiral must not be allowed to return

From Mr Robin Abbi.

Sir, I was disturbed to read that Nigel Rudd, chairman of Williams Holdings, blames the low inflationary environment for making it difficult for him to increase prices ("Markets aground on a reef of cautious results", September 20). Isn't that the whole idea?

Are we not trying to build a stronger economy by forcing businesses to achieve profit growth through improvements in productivity, quality and design? Has the strategy of trying to raise your prices faster than everyone else not been likened to a dog chasing its tail enough times for people to see it for the fraud that it is?

Let lower inflation give Mr Rudd confidence to invest in the future by being able to budget for costs with greater certainty, and let his businesses succeed through value added from investments in training and technology. The ridiculous situation of raising prices to combat rising prices must not be allowed to return.

Robin Abbi,
4 Jerome Court,
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Default less likely with clearing house agreement

From Mr Joseph Rosen.

Sir, While your Risk and Reward column of September 13 ("Divisions hazy in OTC derivatives clearing debate") was as usual both timely and informative, some flawed and spurious logic has apparently crept in.

The article refers to the risks relating to bank deposit guarantee schemes. Similarly it suggests, in a clearing house agreement, "low-rated banks could be given excessively large credit lines by other banks because they know they do not have to worry about credit". This shows either a lack of understanding of how clearing houses work or naivety over how important credit risk is to clearing members.

For the argument to make any sense one must assume that clearing houses and/or clearing member firms are unconcerned with the creditworthiness of their members and customers. This is highly unlikely, given that the *raison d'être* of a clearing house is to centralise credit risk in one entity that intensely scrutinises and works to minimise the likelihood of counterparty defaults.

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Wednesday September 22 1993

Mr Yeltsin's gamble

ALL THIS year the Russian political situation has recalled that of 1917. There is a general feeling of anarchy, and there are ostensibly two centres of power: the government of President Boris Yeltsin, and the parliament. But there is no Lenin. Mr Yeltsin is a shrewd if erratic political fighter, and Mr Ruslan Khasbulatov, the parliamentary speaker, is a cunning tactician. Neither has Lenin's capacity for strategic thought, nor probably his ruthlessness, nor even his total contempt for formal democracy. Neither, so far, has been willing to invoke the final argument of physical force.

The army, even though as much confused, divided and demoralised as the rest of the population, has not disintegrated as it did in 1917. Its leaders rightly regard civil war as the outcome to be avoided at any cost, and in that too they are representative of the population at large. Russia has so far conspicuously avoided the mass violence that afflicts so many of its southern neighbours. The terrible sequel of 1917 is burnt very deep into its folk memory.

This context gives a certain unreality to the constitutional struggle. Parliament and president confront each other, but neither controls very much, and neither is willing to use bloodshed to achieve its ends. Thus previous crises have proved anticlimactic. The army has intervened in the corridors rather than in the streets. Half-baked compromises have been reached, and the opponents have continued to circle each other.

More serious

This time things look more serious. There have been reports of troop movements, and "special government telephones" in the parliament building have been cut off. Mr Yeltsin has not had his opponents arrested in their beds, nor has he cut off all their communications, as would the author of a true coup d'état. But he does seem to have taken steps to prevent parliament directly usurping, or confiscating, his authority in response to his decision to dissolve it. He has probably assured himself of the loyalty of key army units in the vicinity of Moscow – enough, at least, to ensure that Mr Alexander Rutskoi's claim to replace him is as inconsequential as was his own deposition of Mr Rutskoi from the vice-presidency some weeks ago.

Whether either act is constitutional is a question not so much moot as meaningless. There is effectively no constitution, and cannot be until prior questions of legitimacy are settled. Mr Yeltsin hopes to clarify the question by holding new parliamentary elections. He could and should have done so two years ago, at a time when his popularity following the defeat of the August coup would have made it much easier for him to dissolve parliament, and would have ensured the election of a majority pledged to support him. But by early this year, when he first canvassed that solution, he was not strong enough to impose it. It is far from certain that he is so now.

Popular mandate

Even if he succeeds, a new parliament will not now solve his problems. Although probably less conservative than the present one it might be no less recalcitrant, and it would have the legitimacy of a fresh popular mandate, which Mr Yeltsin himself can no longer claim. It would be much better if the constitutional distribution of powers were clearly settled before the election, but who has the authority to do that? Perhaps only an elected constituent assembly. If so, the only way to square the circle may be for Mr Yeltsin to decree an interim constitution, and then submit himself for re-election simultaneously with the election of a new parliament with an explicit mandate to draft a permanent one, to be ratified finally through a referendum.

The west's interest in all this is to see the consolidation of democracy in Russia through the continuation of economic reform. The reform will not succeed if democracy is discarded, but it may also fail if too much attention is paid to constitutional niceties in a country that still lacks the social and cultural bases of constitutional rule.

The west's instinct will be to support Mr Yeltsin so long as he respects fundamental freedoms and appears decisively committed to pushing reform through. In recent months there has been more doubt about the latter than the former.

Privatising British Coal

STATE-OWNERSHIP of Britain's coal industry has been a dismal business. For much of the period since nationalisation in 1946, British Coal has become a byword for strikes, poor investment and anachronistic working practices. Taxpayers and electricity consumers should therefore heave a sigh of relief that the government is finally pressing ahead with privatising the industry with a sale planned next year.

Privatisation *is* also the industry's best chance of surviving in the long run. British Coal's high costs relative to imported coal and other sources of energy have contributed to a sharp decline in its market, with the result that the company is now dying on its feet. An industry which had 1,500 pits and employed three quarters of a million people on nationalisation is now down to 30 pits and 33,000 employees. When privatised, it will have shrunk again to perhaps half its current size. Any hope for stemming yet further decline rests on improving productivity on a scale faster than state-owned British Coal has been able to achieve.

Ministers have adopted a flexible approach to determine the structure of a privatised industry. Mr Tim Eggar, the energy minister, announced yesterday that pits would be offered for sale in five regional packages but that groups would be able to bid for any number of packages. This approach will allow the market to decide the industry's structure and the government to realise the highest value for public assets.

Slash overheads

Another benefit is that lively entrepreneurs, for whom the whole of British Coal might have been too much to swallow, will be able to take part. Management and employee teams will also be able to propose buy-outs. Such talent may be just what the coal industry needs. Those who risk their own money will have the greatest incentive to slash overheads, devise more efficient working practices and seek out new markets.

Leaving the market to decide structure also neatly sidesteps conflicting competition arguments over whether the industry should be broken up prior to privatisation. One view, influenced by the problems that resulted from privatising British Gas and British Telecommunications as monopolies, is that a large number of competing coal companies would deliver lower prices. A rival view is that the generating duopoly of National Power and PowerGen would find it easy to dictate terms to a fragmented industry, so British Coal should be privatised as a single entity.

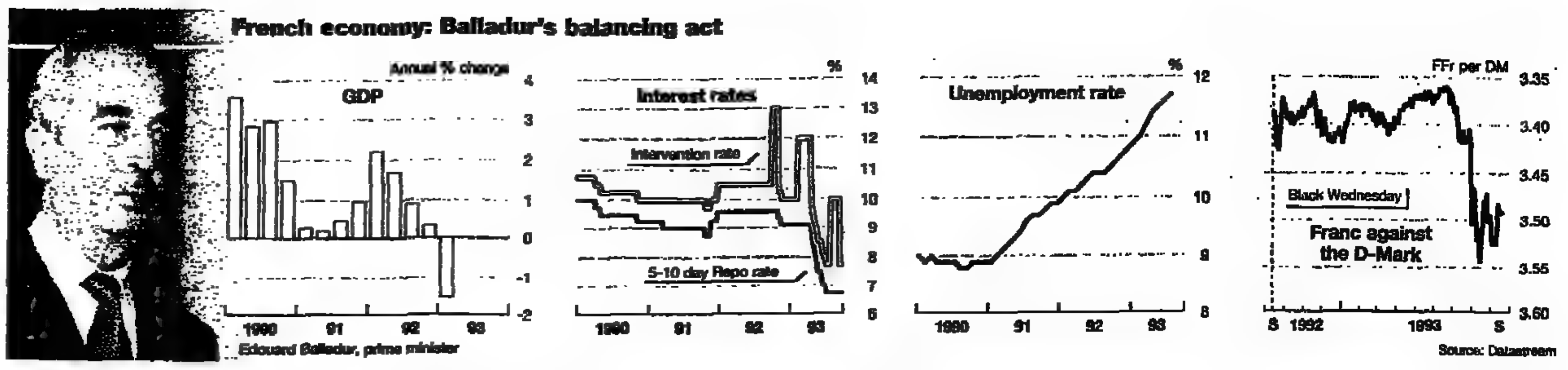
Best way

Neither competition argument is compelling. British Coal is unlike the utilities in that it has to compete with foreign coal and other fuels. Privatising it as a single entity would therefore not substantially reduce competition. On the other hand, though the generators' duopoly power is certainly a cause for concern, the best way of dealing with this would be to tackle that power directly rather than build up British Coal as a counterweight. Mr Stephen Littlechild, director-general of electricity, is already pursuing this possibility.

Nevertheless, there are many details ministers will need to determine before privatisation. How will British Coal's contracts with the generators be split up between successor companies? Who will assume its liabilities and what arrangements will be made to compensate redundant workers in the future? How will the government's scheme to subsidise extra coal sales operate? Who will control the coal industry's £13bn in pension assets? Most important, how big an industry will be privatised?

Mr Eggar was studiously vague on this final question yesterday, raising concerns that the government will try to find some backdoor way of keeping more pits open than the market can support. Dud mines might be packaged with viable pits or private buyers might be asked to give guarantees not to close mines for so many years after privatisation.

It is certainly possible to put such an interpretation on Mr Eggar's reticence. But the more likely explanation is that ministers know that further pit closures are inevitable before privatisation but were so badly burnt by last year's pit crisis that they cannot bring themselves to admit it.



Edouard Balladur, prime minister

Between a rock and a hard place

Fiscal policy alone may not be enough to revive the French economy, say **John Ridding** and **David Buchan**

Mr Jacques Barrot, chairman of the finance committee in the French National Assembly, puts it simply. "If you are trying to lift a heavy rock, then you need to use both hands."

The rock, for Mr Barrot and his countrymen, is the longest recession to afflict their economy since the 1970s. With unemployment at 11.7 per cent and rising, and with gross domestic product forecast to contract by almost 1 per cent this year, it is a heavy burden.

The stakes are high. Mr Edouard Balladur, the prime minister, has described the fight against unemployment as the government's top priority. With presidential elections just 18 months away, the fortunes of Mr Balladur's RPR party and its UDF coalition partner will depend on how the administration wields its fiscal and monetary tools, and whether they act fast enough for the French electorate.

The government will declare its fiscal hand when it unveils its 1994 budget in cabinet today. Acknowledging that he initially erred too far on the side of austerity in this year's budget, Mr Balladur has struck a median course for the future, using the proceeds of privatisation and related borrowing to finance tax cuts and consumption incentives within a tight limit on overall public spending.

But how the government will use its monetary powers is less clear. After losing its bearings in the August crisis of the European currency system, the French government is still groping its way towards a new European policy.

Today's budget plan demonstrates the government's desire to stimulate demand in the economy, but also the constraints it faces in doing so. The principal elements of the budget comprise a FFr19bn (£2.2bn) reduction in income taxes, chiefly to the benefit of the ruling conservatives' middle-class constituency, and a number of measures aimed at drawing French savings into housing and consumption.

In particular, the government is expected to allow savers to withdraw early from eight-year saving plans while maintaining the tax advantages and interest payments of the schemes. Tax relief on Sicav money market funds may also be reduced in an attempt to encourage consumption and investment in the housing sector. Those selling money market fund certificates to buy property could be exempted from capital gains tax.

Such measures alone do not represent a significant fiscal stimulus. This is partly because the government is now giving with one hand what it took away through tax increases earlier this year. The rise in the Contribution Socialisée Générale, a tax on all income, from 1.1 per cent to 2.4 per cent from the beginning of July, and higher levies on petrol and alcohol, will not be offset by the budgetary measures.

"We have to maintain the health of public finances," says one French economic official, referring to the tax measures in the budget. He cites the government's budget deficit targets of FFr317bn this year and FFr300bn next year as the constraints on the package.

Instead, the real fiscal boost is coming from borrowing. The proceeds of the Balladur Bond, raising FFr110bn in July and covered by privatisation sales of the same amount over the next 18 months, will help to fund public works and housing and to improve companies' cash flow.

One measure hit its target. The decision to accelerate infrastructure spending in May gave public contractors, intensive users of local labour but little imported material, a better month in June. But overall, the economy has not lifted itself off the floor. GDP recovered from its first-quarter fall of 0.7 per cent to show zero growth in April-June.

But a "double dip", with a drop in GDP in the current third quarter, is not ruled out by most economists, who believe that fiscal policy alone is not enough to lift the economy out of recession. "They must add a monetary stimulus to their fiscal stance," says Mr Paul Chertkow, currency economist at UBS, the securities house, in London.

On monetary policy, however, "there is a fog surrounding policy", says Mr Barrot, "and when there is a fog it is necessary to move step by step". So far, these steps have involved a series of gradual interest rate cuts and a policy of shadowing the D-Mark. But the reductions in borrowing costs have only brought official interest rates down to pre-crisis levels and the most important rate, the intervention rate, which sets a floor for money market rates, has been left untouched at 6.75 per cent. As a result the franc is now trading just a few per cent below its previous ERM floor rate of FFr3.4305 to the D-Mark.

This caution is curious, given that on August 2 it was France that insisted EC currencies should be allowed to fluctuate by up to 15 per cent around each other, not by 10 per cent as other countries were ready to agree to. But there are several reasons why the French authorities have not so far used their exchange rate freedom.

To do so would highlight the loss of face for Mr Balladur, who portrayed himself as defender of the *franc fort*. The RPR Gaullist prime minister also has to take account of the atavistic attachment within his UDF coalition partner to the old-style European Monetary System. Ex-president Valéry Giscard d'Estaing, a founding father of the EMS and leader of the UDF, has called for the EMS to return to its old "wide" bands of 6 per cent by January 1994 and its old "narrow" bands of 2.25 per cent by January 1995.

Technically, too, the Bank of France needs to rebuild its currency reserves – exhausted by the unsuccessful defence of the franc – and to repay its consequent debts to the Bundesbank: tasks most cheaply accomplished if the franc stays fairly strong relative to the D-Mark.

The government's problem is that its policy of shadowing the D-Mark is reaching its limits. "There is no room left any more for French rates to decrease with respect to German rates," says Mr Bernard Godement, chief economist at Nomura Research Institute in Paris.

According to this argument, the current gap between short-term French and German interest rates – about 50 basis points higher for French official rates – is necessary to maintain the franc's stability. Further cuts in French rates, therefore, require further action from the Bundesbank. Few expect big cuts in German borrowing costs over the next few months.

Yet early action to trim French interest rates, with the inevitable risk for the exchange rate, may be unavoidable. In nominal terms, French long-term interest rates, at just over 6 per cent, are among the lowest in Europe and about the same level as in Germany. But their real level is high. With annualised inflation of just 2.2 per cent, French industry faces correspondingly higher real borrowing costs than Germany's.

Small and medium-sized companies, which are more dependent on short-term financing, are worst placed, and are starting to make the politicians feel the heat. "There is not a small company in the country which can find credit at less than 9 per cent," complained a UDF deputy this week. Moreover, the currency markets appear to have anticipated a reduction of a few percentage points in the intervention rate by this time next year.

Given that the high level of French interest rates at a time of recession and soaring unemployment helped prompt the currency crisis, keeping interest rates at their current level could lead to a fresh assault on the franc.

It also seems to be dawning on France's policymakers, just as the markets earlier realised, that "real" factors of growth and jobs need to be as much part of the convergence between European economies as the "nominal" factors like interest rate/inflation differentials, written into the Maastricht treaty. The first sign of this wider interpretation of convergence may come later this autumn when France and Germany make a joint presentation of their medium-term economic plans for discussion with other EC ministers.

For the moment, the debate inside France's ruling majority over interest and exchange rate policy has subsided. But that is because those who want a monetary relaxation expect Mr Balladur to move in their direction. If he does not, both the prime minister and the French economy may find themselves between a rock and a hard place.

Rachel Johnson says John Major's politics only partly explain the decline of UK think-tanks

Brains without power

Think-tanks in Britain were never going to have it so good under Mr John Major as they did under his predecessor, Mrs Margaret Thatcher – at least not those of the right-of-centre variety.

Mrs Thatcher was a founder of the free-market Centre for Policy Studies; would invite early advocates of privatisation from the Adam Smith Institute to weekend seminars at Chequers, the prime minister's country residence; and would read Institute of Economic Affairs pamphlets in bed.

But under a prime minister elected Tory leader partly because he was less ideologically driven than Mrs Thatcher, the role of think-tanks in influencing government policymaking has receded.

Mr Andrew Tyrie, a director of the Social Market Foundation, founded by members of the defunct Social Democratic party, says the change of leader explains the think-tanks' "collapse of influence. They played a crucial role in forming the consensus that put markets first. It's only natural that they are less important now," he says.

But attributing the decline of think-tanks solely to Mr Major's more pragmatic political philosophy is misleading.

Their difficulties have been compounded by the Conservative Central Office's £19m deficit, which is expected to lead to cuts in the budgets of its two internal research wings, the Conservative Research Department and the Conservative Political Centre.

At the same time, Tory rifts over the Maastricht treaty have spread beyond parliament. At the Institute of Economic Affairs, the split over Mr Major's European policy led to the defection of its director, Mr Graham Mather, last year to set up the European Policy Forum.

The declining importance of think-tanks in Whitehall policymaking has not dissuaded people such as Mr Mather from setting up rival institutions in an attempt to provide the 1990s with a post-Thatcherite agenda.

The Social Market Foundation, which tries to link market economics with social policy, was set up in 1988 but relaunched last year with finance from Mr David Sainsbury, chairman of the retail supermarket chain. Earlier this year, Mr Martin Jacques, former editor of Marxism Today, and Mr Geoff Mulgan, former assistant to Mr Gordon Brown, Labour's shadow chancellor, launched Demos, a non-party-political but left-leaning research centre.

To thrive, the new institutions will have to learn the lessons of the 1980s. Mr John Gray, the Oxford fellow who has been closely involved with both the IEA and the Centre for Policy Studies, and is now on the board of the SMF, believes rightwing think-tanks became too dogmatic – promulgating "Thatcherism on autopilot".

"There was a hubristic element to policymaking. With the poll tax, considerations of social equity were unimportant and it got to the stage where only policies, not society, mattered," Mr Gray says.

But will the *think-tanks* regain the influence they once had under the Conservatives? Arguments over the Tories' main targets for reform – trade unions, nationalised industries, health and education services – have mostly been fought and won. And, unlike in Germany, France and the US, there is little movement of people between government and think-tanks, which would have offered a better guarantee that their impact would not be diluted when political leaders changed.

In France, ministers' private offices often include representatives of independent think-tanks, while in Germany, the Stiftung Wissenschaft und Politik, the international affairs think-tank in Ebenhausen, does contract work for the government.

In the US, think-tanks offer life after government for deposed politicians. "There will always be a market for think-tanks in the US because politicians now join them when out of office: the Brookings Institution for Democrats, the American Enterprise Institute for Republicans," says Professor Nick Wahl of New York University.

In contrast, Mrs Thatcher took a deliberate decision that private think-tanks should be kept at arm's length from government. In 1982 she rejected proposals to merge the Number 10 Policy Unit (set up by Mr Harold Wilson when he was Labour prime minister in 1974) with the Central Policy Review Staff, created by Mr Edward Heath, the Tory prime minister, in 1970, as an independent source of advice for Downing Street.

Merger would have bought a permanent foothold in Whitehall for the non-civil servant advisers at the CPRS. Mrs Thatcher regarded the CPRS as too institutionalised and abolished it the following year. "As time went by it [the CPRS] concerned itself less and less with central issues and became a meddler in departmental business," says Sir Douglas Wass, a former permanent secretary to the Treasury.

Mrs Thatcher's decision had little impact during the heyday of the rightwing think-tanks that lasted until the mid-1980s. But in the 1990s think-tanks have found themselves on the political periphery.

"Think-tanks have established their place in the sun. We're semi-detached observers who do useful work and provide ideas," says Mr Mather. "But it's not with the same red-blooded vigour as under Mrs Thatcher."

OBSERVER

Floating atop the class

■ Good to see that Nicholas Berry, son of Lord Hartwell, bail surety for Ian Maxwell and former owner of Harrap, knows how to spend his extra pennies wisely.

Berry stands to make £20m from the deal he, with other minority shareholders, has carved in the sale of his piece of Manchester Ship Canal. So he plans to set up a foundation "for improving people's skills in thinking" with a portion of the proceeds.

"People concentrate too much on destroying the arguments of others. They don't differentiate opinion from fact and don't use the other person's case to find new solutions to old problems," he says.

The deal came out of a bout of sustained thinking – if not a little arguing – by Berry, who had been at loggerheads with yesterday's buyer, property developer Peel Holdings, and its chairman John Whittaker, since he lost control of the ship canal in 1987. Now, obviously thanks to his lateral thinking, Berry has cut the gordian knot to come up with a partly paid deal that gives Peel the necessary room for manoeuvre.

The foundation is a suitable bequest from Old Etonian Berry, who has never harboured doubts as to the pedigree of his brain. When asked earlier this year if he had employed a headhunter when bringing Lord Gowrie onto the board of Yeoman Investment Trust, which he chairs, Berry explained: "I have a perfectly good head myself."

For the chop?

■ Appearances notwithstanding, John Major's Japanese visit has not been concerned purely with the state of the British Conservative party. He also found time to axe the Commonwealth Institute.

One can see why the Foreign and Commonwealth Office waited for the green light from Tokyo before announcing yesterday that its annual grant to the Institute (currently worth £2.7m) will cease from March 1996. Only last May, the Queen was there celebrating the centenary of its opening and next month Major will accompany her to the biennial Commonwealth Heads of Government Meeting (CHOGM) in Cyprus.

Normally the institute rates a paragraph of ritual congratulation for its work towards the end of the CHOGM communiqué. This time the PM had better expect some awkward questions.

The FCO explains piously that it cannot provide the increased funding recommended in a recent review by Lord Armstrong. "We hope the institute will not regard the decision as tantamount to closure," says the FCO. At present it raises not even 20 per cent from sponsorship and commercial activities. The government

'It's not a green shoot – it's a bonsai'

apparently hopes that "other members of the Commonwealth will fill the funding gap". Hard to see why they should, if Britain's contribution after 1996 is to be precisely zero.

Berlin game

■ While Manchester was quaintly presenting assorted Irish guards and Gurkhas as the "best of British" at Monte Carlo yesterday, Daimler-Benz boss, Edzard Reuter, who has masterminded the Berlin 2000 Olympics bid, again came up trumps. He wheeled in Steffi Graf and Franz Beckenbauer, and also made sure of a fleet of Mercedes limousines for the International Olympic Committee.

Reuter has stayed at a very active epicentre of the roughly DM250m German campaign. In recent months, Daimler-Benz provided IOC members with lavish hospitality at the Stuttgart world athletic championships, while it chipped in a donation to the Olympic museum in Lausanne. Reuter obligingly whistled up the Berlin Philharmonic for the latter's opening ceremony.

Reuter also boasts a close personal relationship with IOC president, Juan Antonio Samaranch, once even defending the former Franco supporter as "an upright democratic man".

"Berlin is a strong contender," Samaranch said recently, adding, perhaps superfluously, that as president he does not vote. But then nor did the Catalan vote when the Olympic Games went to his home town of Barcelona. Now that Reuter sees his own birthplace in the frame, how comforting for him to know that Samaranch understands his sentiments.

Jobs for the boys

■ It was quite reasonable to assume, when Spain's Prime Minister Felipe González decided to remove Carlos Solchaga as finance minister and give him the far more important job of chief whip of a divided socialist parliamentary party, that the Solchaga team at the finance ministry would have to find other jobs as well.

What has been a surprise is how reluctant any of them has been to leave the secure embrace of the public sector – perhaps they know something about the Spanish economy that no one else does.

Claudio Aranzadi, former industry minister and Solchaga acolyte, has been parcelled off for an unstressful few years as Spain's representative to the OECD in Paris. J.J. Ruiz, the former assistant economy secretary, is now head of research with Argentaria, the pool of state owned banks.

Jaime Gaiteiro, former chief of the revenue service, is now running the national mint, while Antonio Zabalza, the former finance secretary, is chief of staff in the prime minister's office.

But Pedro Perez, Solchaga's amiable deputy, has been waiting for something to come up since the June election. Yesterday Perez, an enthusiastic smoker, was named chairman of Tabacalera, the state-owned tobacco monopoly.

Solchaga, whose reach remains long despite his absence from Cabinet, has done his boys proud.

No comment

■ A reader calls to ask whether it is common knowledge that Financial Times is an anagram for Silent Mafia Inc?

FINANCIAL TIMES
Wednesday September 22 1993

Leaked letters a new obstacle to BAe-Taiwan aircraft deal

By Daniel Green in London and Dennis Engbarth in Taipei

MR JOHN CAHILL, the chairman of British Aerospace, is expected to meet Taiwanese government ministers today and discuss the latest obstacle to progress on a joint venture to build regional jet aircraft.

Opposition politicians in Taiwan have leaked letters from Mr Cahill to Mr Chiang Ping-kun, minister of economic affairs, in an attempt to show that the deal is politically rather than commercially motivated.

Mr Cahill is due to meet both the vice-premier and Mr Chiang, whose ministry is sponsoring Avro Aerospace International, the joint venture between BAe and Taiwan Aerospace (TAC).

The leaked letters from Mr Cahill to Mr Chiang are dated August 13 and 16. They threatened to abandon the joint venture if its funding problems were not resolved. One suggested that the Taiwanese government should "simply ... have instructed the [state-run] Chiao Tung Bank to provide [the] working capital needed."

Mr Cahill suggested in the letters that both TAC and the Chiao Tung Bank were "not proceeding in good faith" and threatened to call a press conference to call the deal off.

The problem of financing the deal was resolved a fortnight later after further negotiations in Taipei.

The venture is part of BAe's efforts to improve its profitability. The RJ series of regional jet passenger aircraft, which would be built partly in Taiwan, loses money for BAe. The venture would also provide a route for Taiwan to enter the passenger aircraft industry.

Members of Taiwan's opposition Democratic Progressive party have long been critical of the project, saying that its risks had been understated and its benefits to Taiwan industry exaggerated.

The renewed political opposition to the deal based on the leaked letters can only have a limited effect on the progress of the joint venture.

The deal can go ahead without the explicit approval of lawmakers. But opponents can delay it and at worst vote to force the cabinet to end its support for the project or re-evaluate it.

This is only the latest in a series of hurdles raised by Taiwan banks involved in financing the project. Although the financing structure was agreed on August 27, subsequent talks in London on the transfer of manufacturing and product development were not conclusive.

BAe says a final agreement will not be signed until the end of the year at the earliest.

Yeltsin dissolves parliament

Continued from Page 1

ing Supreme Soviet and the larger Congress of Peoples' Deputies, takes immediate effect, since the order had already been signed when he made his TV address.

The proposed December elections will be to a new, two-tier Russian parliament, to be called the Federal Assembly, the shape and duties of which have already been outlined in a draft constitution which Mr Yeltsin has published but which was far from agreement.

And in a clear threat to his opponents, he said that: "Any actions aimed at preventing elections will be considered illegal and persons involved in these actions will be brought to account under criminal law".

Russian army: demoralised, underfunded but dangerous

By David White in Moscow

THE FACT that the Russian army, although demoralised, underfunded and in the throes of a sharp reduction, is still a force to be reckoned with was demonstrated yesterday to Mr Malcolm Rifkind, UK defence secretary, who was yesterday visiting Russia.

Mr Rifkind, who has held extensive talks with his Russian opposite number, General Pavel Grachev, was treated to displays of paratroop assaults, helicopter and ground fire and hand to hand fighting near the Tula military base south of Moscow.

The 106 Guards Airborne Division garrisoned at Tula played a crucial role in the August 1991 coup attempt in Moscow by failing to move in support of the coup leaders.

There was no sign of abnormal activity around the base early yesterday afternoon, although journalists were given no access to senior Russian officers attending.

The elite division, commanded by Gen Alexander Lebyed, is considered a showcase and betrays little of the troubles affecting other parts of the armed forces.

A senior officer complained recently that a large proportion of soldiers had not been paid for two months.

Many units are seriously under-strength, with only 13 to 15 per cent of eligible conscripts responding to their call-up papers.

Despite the recruitment of more than 100,000 "contract" soldiers, reduction of the armed forces, set to come down to a total of 1.5m from 2.7ma year ago, is taking place faster than planned.

Experts consider the army, which in the last nine months has changed its old Soviet uniforms and insignia, is lacking a hard core of competent senior non-commissioned officers, but say it retains the structure of an organised force.

President Yeltsin has recently come under fresh criticism in the Russian military establishment for remarks indicating that he would not object to countries such as Poland and the Czech Republic, former members of the Warsaw Pact, joining Nato.

Russian and foreign experts say this could strengthen the hand of ultra-conservatives, worried about the prospect of an eastward expansion of Nato.

Mr Rifkind, who was not available for comment last night after Mr Yeltsin's decision became known, was hosting a reception including a number of senior defence and other government officials.

German plan to cut pay

Continued from Page 1

to the constitutional court in Karlsruhe, because the scheme amounts to "an assault on wage autonomy". The SPD said it would fight the scheme right through the parliamentary process.

● Growth in broad money supply exceeded the Bundesbank's target range for the fifth month in succession in August, the German central bank said yesterday, writes David Waller in Frankfurt.

However, the seasonally adjusted, annualised 7.2 per cent rate of growth in M3 – which comprises cash in circulation as well as savings and short-term time deposits – was lower than the 7.4 per cent rate in July and better than many economists predicted after the Bundesbank's currency market interventions this summer.

Malaysian PM attacks Major over Britain's role in Bosnia

By Kevin Brown in Kuala Lumpur

A TWO-DAY visit to Malaysia by Mr John Major, UK prime minister, was jarred last night when Dr Mahathir Mohamad, his Malaysian counterpart, accused Britain of standing by while Bosnian Moslems were "wiped out".

Mr Major was clearly surprised by Dr Mahathir's attack, which soured the atmosphere at a ceremonial banquet in Kuala Lumpur, the first official function of the visit. Dr Mahathir appealed to Britain to influence the European Community to put an end to "ethnic cleansing" before Bosnia was "forever cemented in history as the blackest catastrophe of the modern world".

Taking hurried notes of Dr Mahathir's comments, Mr Major inserted a long passage defending Britain's Bosnian role into his speech on Commonwealth friendship. He said he felt "as strongly as anyone else about the wickedness and intolerance we see daily in Bosnia," and claimed British action had saved hundreds of thousands of Bosnian lives.

The impact of Dr Mahathir's speech was, however, blunted by his reputation as a frequent critic of Britain's role as a former colonial power. Observers suggested Dr Mahathir was keen to demonstrate his concerns about Bosnia to Malaysia's Moslem majority and to Moslem leaders elsewhere.

He said Malaysia's "hearts cry out to the tragedy of an entire race being wiped out in total disregard for even elementary decency, and warned that "we cannot accept that it is right and just and democratic to sit by and watch while such brutish acts are committed".

Dr Mahathir said he understood Britain's concerns for the safety of its peacekeeping troops in Bosnia, and the continuation of humanitarian aid. But he said the European powers had repeatedly backed down from the threat of air strikes after the threats had been "arrogantly ignored" by Serb forces.

He called for "resolute and credible action" against the Serbs, and told Mr Major that European inaction risked igniting a widespread Balkan war: "You are sending the wrong signals to certain countries east of Yugoslavia – countries with a past history of violent acquisition of other people's territories."

Britain as best friend, Page 4

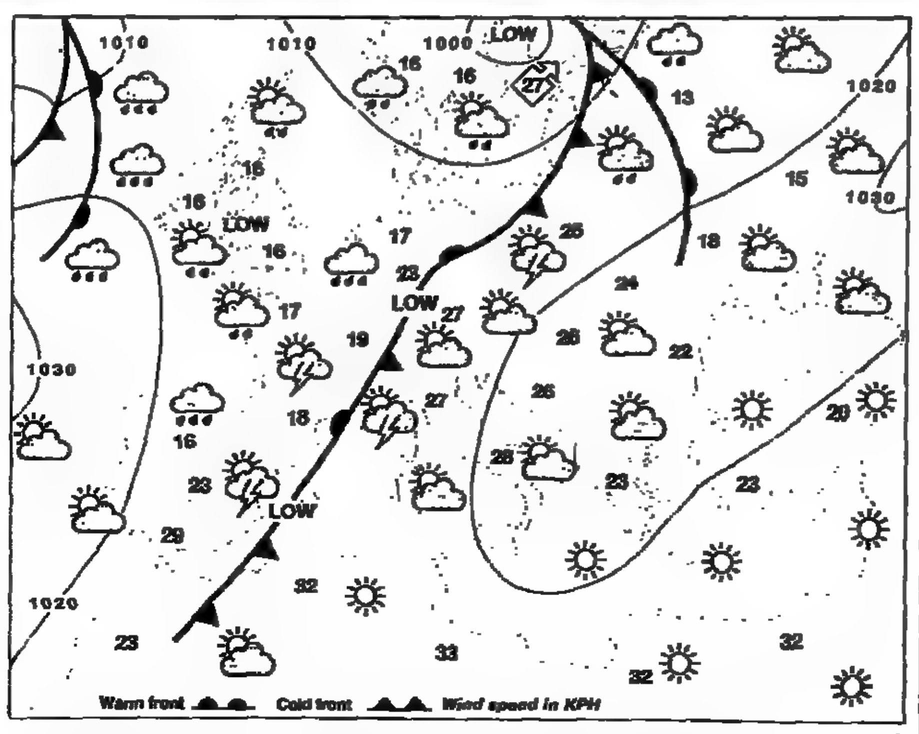
FT WORLD WEATHER

Europe today

It will stay warm and mostly sunny in central Europe while the western part of the continent turns cooler. Heavy rain is expected near the boundary between warm and cool air over eastern France, western Germany and parts of the Benelux. Thunder will accompany the rain in some areas. Thunder showers will also form over eastern and southern Spain, but Portugal will be dry and mostly sunny.
Elsewhere around the Mediterranean, it will be sunny and warm with perhaps isolated thunder showers in southern Italy.
Heavy rain accompanied by lower temperatures is expected over parts of Finland as well as northern Sweden and Norway.

Five-day forecast

Thunder showers, some of which may be heavy, will spread from eastern France into Italy and the Alps on Thursday and Friday, pushing warm and moist air to the east. Western France, the British Isles and the Low Countries will have temporarily milder and drier conditions on Thursday and Friday, before unsettled weather arrives during the weekend. More stable but rather cool weather with widespread night frost will return to Scandinavia.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

	Maximum		Belfast	fair	15	Cardiff	shower	14	Frankfurt	thund	25	Malta	thund	29	Rio	thund	21
	Celsius		Belgrade	fair	26	Chicago	shower	22	Geneva	thund	22	Manchester	shower	16	Riyadh	sun	40
Abu Dhabi	sun	39	Berlin	thund	24	Cologne	rain	19	Gibraltar	sun	27	Manila	cloudy	30	Rome	sun	27
Accra	thund	29	Bermuda	fair	30	D' Salaam	fair	28	Glasgow	fair	17	Melbourne	fair	14	S. Frsco	fair	23
Algiers	sun	33	Bogota	fair	20	Dakar	fair	31	Hamburg	rain	17	Mexico City	fair	20	Seoul	fair	27
Amsterdam	cloudy	17	Bombay	fair	31	Dallas	sun	35	Helsinki	shower	16	Miami	thund	32	Singapore	cloudy	30
Athens	sun	24	Brussels	rain	17	Delhi	fair	34	Hong Kong	fair	33	Milan	fair	26	Stockholm	fair	17
B. Aires	fair	18	Budapest	sun	23	Dubai	sun	38	Honolulu	fair	32	Montreal	cloudy	19	Strasbourg	rain	24
B.ham	shower	15	C.hagen	fair	16	Dublin	fair	15	Istanbul	fair	22	Moscow	rain	14	Sydney	fair	22
Bangkok	cloudy	31	Cairo	sun	32	Dubrovnik	fair	25	Jersey	shower	18	Munich	fair	27	Tangier	fair	23
Barcelona	thund	24	Cape Town	cloudy	19	Edinburgh	fair	18	Karachi	fair	33	Nairobi	fair	28	Tel Aviv	sun	32
Beijing	drzzl	25	Caracas	fair	30	Faro	sun	25	Kuwait	sun	42	Naples	fair	28	Tokyo	shower	25
									L. Angeles	fair	24	Nassau	fair	31	Toronto	fair	16
									Las Palmas	fair	26	New York	shower	19	Tunis	sun	31
									Lima	fair	22	Nice	thund	25	Vancouver	sun	17
									Lisbon	fair	20	Nicosia	fair	34	Venice	sun	25
									London	fair	16	Oslo	fair	18	Vienna	sun	24
									Lux.bourg	rain	17	Paris	cloudy	17	Warsaw	fair	25
									Lyon	rain	22	Perth	fair	19	Washington	fair	25
									Madeira	fair	23	Prague	fair	24	Wellington	cloudy	11
									Madrid	shower	22	Rangoon	cloudy	32	Winnipeg	shower	15
									Majorca	thund	28	Reykjavik	cloudy	10	Zurich	fair	24

THE LEX COLUMN

Good food costs less

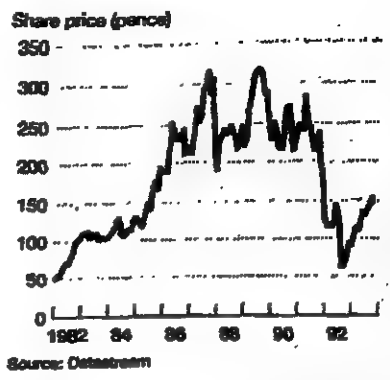
The whiff of grapeshot rose from Tesco's interim figures yesterday. A decline in gross margins – the first for nearly a decade – is the skirmish with live ammunition which marks the end of the phoney price war. Tesco is taking sales from the other superstore operators at a rate which none of them can ignore. They will have to respond to the 'value line' initiative with cheap own label goods, and the struggle seems likely to escalate. While Asda and Gateway were quietly folding in on themselves, the big three could rely on easy market share gains. Now Asda is on its way back. Gateway has been ring-fenced from its debts, while the discount presence is growing and leading grocers still chant the mystical mantra of expansion until the end of the decade.

With ever-expanding capacity in an almost fixed-volume business, something clearly has to give. Yet the horrendous costs of quitting and high fixed overheads of superstores force the grocers to run them for cash. That effectively means there is almost no limit to the margin erosion which could occur if the grocers descended into a game of competitive devaluation.

The market has, of course, already priced much of the risk of a limited engagement. It has not, however, come to terms with the possibility of an all-out war. In terms of its market value, almost all of the £572m raised in Tesco's 1991 rights issue has now gone up in smoke. At the time it was expected to make £860m in 1992, yet it will struggle to earn £600m in the current year. Meanwhile managements continue to whistle a happy tune and think a happy thought as the gravy train runs out of steam.

FT-SE Index: 3001.6 (-2.9)

Tarmac



Source: Datastream

Tarmac

That Tarmac needed a rights issue was the City's worst kept secret. Write-offs and the strain of paying an uncovered dividend for the last two years – and probably again this year – have reduced shareholders' funds by one-third from the peak reached in 1990. The auction market preferred shares which are now to be redeemed are an expensive and unreliable form of funding. Replacing them with real equity makes sense, although the £20m cost of unwinding related interest rate swaps underlines what a poor decision it was to issue in the first place.

The worry is that the £75m earmarked for investment in land is barely enough to sustain Tarmac's momentum in house building. At an average plot cost of £13,500, an annual investment of £100m will be required to maintain the land bank given the planned level of house sales. Having run down land stocks to release cash during recession, Tarmac could no longer afford to sit back and wait. But other housebuilders are already well advanced in the process of replenishing stocks. Land prices are rising faster than house prices. Tarmac may need all its expertise as a low-cost builder in order to maintain margins.

Where the cash for investment in house building will come from thereafter is also unclear. The disposals programme is coming to an end. On the basis of yesterday's figures, contracting cannot be relied upon to generate much by way of cash before the middle of the decade. Aggregates offer more immediate hope if prices recover and capital expenditure remains low. But buying Tarmac for the prospect of dividend growth looks a forlorn hope.

Japan

Yesterday's three-quarter point cut in interest rates suggests the Bank of Japan was distinctly under-whelmed by the latest economic package from government. Whether taking another slice off interest rates will do any more than last week's modest fiscal stimulus to halt the slide in the real economy remains open to question. If savings rates are reduced in line with the discount rate, cash should – in theory – be squeezed out into consumption. But there has been scant evidence of that effect in the three years since interest rates started to fall. With talk of job cuts starting to circulate among recession-hit Japanese companies, consumers may feel less like spending than ever.

There may be more chance of reversing the trend of asset price deflation, especially in property. As in the US, that, combined with a steeply sloping yield curve, would help restore the position of the banks. But the US experience underlines that healthy banks are necessary but not a sufficient condition for recovery. While domestic demand is weak and exporters are priced out of overseas markets by the strength of the yen, there are few reasons for optimism. The faint weakness of the Japanese currency yesterday is a minor consolation.

Paramount

One has to hope that Paramount's attraction does not turn out to be fatal. QVC Network's emergence as a rival suitor to Viacom comes as no surprise. But the price it is offering, at something approaching 20 times this year's cash-flow, looks an almost indecent proposal. It is easy to see why such companies are seduced by the idea of owning a studio. Paramount's film-making skills cannot easily be duplicated. There is nothing similar on the market. Yet conventional wisdom dictates that anyone who aspires to success in the global media business must have the capacity to originate entertainment.

The temptation for predators to lose sight of real value is all the greater when they can pay with overvalued currency in the form of their own common stock. Viacom's offer is already worth a lot less than the original $8.2bn. QVC's shares also look vulnerable. Perhaps the willingness of such companies to splash their paper about is a sign that equity prices really have reached fantasy levels. Certainly they would be much less inclined to largesse if they were having to stump up real money.

That will not stop the Paramount story turning into a long-running epic. Viacom may offer a better strategic fit than QVC, but it will have to increase the cash element of its bid, currently $9.10 compared with QVC's $30, to remain in the running. Even then others may enter the fray. It would be rash, though, to count on a foreign bidder sailing in with a ship load of cash. Growing protectionism in the media business on both sides of the Atlantic makes such a raid fraught with danger.

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FINANCIAL TIMES

COMPANIES & MARKETS

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INSIDE

Pechiney falls into FFr397m loss

Pechiney, the state-controlled French aluminium group, yesterday announced net losses of FFr397m ($70m) in the first six months of the year compared with net profits of FFr782m in the same period in 1992. It blamed European recession and the depressed state of the aluminium market. Page 20

Upheaval for health insurers

The planned Clinton healthcare revolution, to be unveiled officially tonight, will take the control of underwriting away from US health insurers who will also lose the power to refuse cover to people they consider to be bad risks, or even to charge them a higher premium. Page 21

Jardine Matheson rises 14%

Jardine Matheson Holdings, the Hong Kong trading and investment company, has reported a 14 per cent rise in first-half profits to $173.8m. Its managing director, Mr Nigel Rich has resigned and will be replaced by Alasdair Morrison, managing director of HongKong Land, Jardine's property investment arm. Page 22

Hays warns of slow recovery

Hays, the business services group, reported a 20 per cent increase in annual profits, but warned that "the climb out of recession looks as if it will be long and slow". Pre-tax profits rose from £55.6m to £66.6m ($102m) in the year to June 30, on sales which grew from £380m to £477m. Page 24

Mucklow ends growth run

A&J Mucklow Group, the West Midlands based property investor and developer, has after 24 years of unbroken profits growth succumbed to recessionary pressures by reporting an 11 per cent fall in pre-tax profits to £9.67m ($14.9m) for the year ended June 30. Page 25

Yule Catto in first rights issue

Yule Catto, the industrial chemicals group, is to raise £29.7m ($45.6m) through its first rights issue to buy 50 per cent of a German synthetic rubber latex company and to reduce debt. Page 26
A £19.9m rights issue was announced by JIB Group, the international insurance broker. Page 24

Starmin reappointment backed

Shareholders of Starmin, the loss-making UK quarry products company, yesterday backed the reappointment of a director who is considering taking legal action against the company. Page 26

Losing their bottle

EC agriculture ministers yesterday decided to cut back from next year an expensive subsidy on school milk for 31m school children across the community. Page 28

German car stocks move market

Germany's DAX index closed 13.01 higher at 1,925.85 but one analyst said that there would have been little volume at all over the past three days if Daimler, Deutsche Bank and Siemens had been excluded. Back Page

Market Statistics

Companies in this issue

Chief price changes yesterday

FRANKFURT (DM)				**PARIS (FFr)**			
Rises				**Rises**			
Asko	804	+	19	BIC	1220	+	28
Daimler-Benz	[illegible]	+	[illegible]	Essilor	[illegible]	+	10
IndustrieWerke	348	+	12.5	**Falls**			
Mercedes	767.5	+	20.5	Bancaire Cie	[illegible]	–	16
Veba	424.8	+	6.3	Canal Plus	1207	–	23
Falls				Lafarge Coppee	410	–	12.8
Douglas	525	–	11	Spie Batignl	372	–	[illegible]
NEW YORK ($)				**TOKYO (Yen)**			
Rises				**Rises**			
Paramount	74⅞	+	5⅛	Hazama	482	+	14
Pfizer	61	+	2	Kanematsu	547	+	28
Falls				Nihon Seiko	1020	+	151
Caterpillar	78½	–	2½	Pioneer Elec	2750	+	160
Quality Food	28	–	3⅛	**Falls**			
Tambrands	41⅜	–	4½	Daimaru	641	–	24
Viacom	57⅛	–	1⅛	Mitsui Plastic	530	–	19

New York prices at 12.30.

LONDON (Pence)							
Rises				CrestaCare	37	–	5
Acorn Computer	113	+	7	[illegible]	630	–	12
Cable & Wire	855	+	17	Harris (Ph)	154	–	50
Eastern Elec	567	+	14	JIB Group	169	–	7
Europe Energy	8½	+	4½	[illegible]	[illegible]	–	[illegible]
Goldsmiths	75	+	6	Reuters	1519	–	30
Jacques Vert	135	+	9	Sage	441	–	17
Lincat	193	+	7	Sainsbury (J)	449	–	7
MTL Instruments	254	+	10	Schroders	1365	–	55
Maybom	191	+	8	Vodafone	492	–	11
Falls							
Bespak	515	–	20	Yule Catto	259	–	18

Japanese brokers cut profit forecasts

By Robert Thomson in Tokyo

JAPAN'S leading brokers were forced yesterday to revise their earnings forecasts. Nomura Securities, the largest house, cut its expected pre-tax profit from Y35bn to Y25bn ($240m) for the half-year to the end of this month.

The brokers complained of weaker-than-expected commissions on the Tokyo market, where the daily value of turnover has been 10 per cent below expectations, and the Nikkei index has hovered just above the 20,000 mark.

Of the 14 largest brokers, 12 have revised forecasts. Daiwa Securities was the exception among the Big Four houses, maintaining its pre-tax interim forecast at Y30bn, having apparently increased bond commissions to compensate for the stock market's weakness.

The other company not to make an announcement was Cosmo Securities, the second-tier broker to be rescued by Daiwa Bank. Cosmo, crippled by losses from the unauthorised shifting of stocks from client account to account, is expecting a pre-tax loss of Y2bn.

Brokers say although they are over the worst of the damage suffered during the stock market collapse, nervousness remains about the health of the Nikkei index, which hit 14,309.41 last August after peaking at 38,915.87 in late 1989.

The 10 second-tier brokers are still under extreme pressure, and will need to cut costs in coming months. Only three – Kokusai Securities, New Japan Securities, and Wako Securities – are expecting to record a pre-tax profit in the first half.

The largest losses are expected at Sanyo Securities (Y5.7bn) and Kankaku Securities (Y5.6bn). Meanwhile, Kokusai Securities, closely linked to Nomura, forecast the largest pre-tax profit, Y4.5bn, among the second-tier houses.

Most brokers are still trying to cut personnel, but have been restrained by the lifetime employment system in Japan.

The Big Four are generally in better shape than a year ago, but will need to shed further employees to improve profitability.

Of the larger houses, Nikko Securities had the sharpest revision, cutting its pre-tax forecast from an optimistic Y30bn to Y10bn. Yamaichi Securities, meanwhile, halved its pre-tax forecast from Y20bn.

French tyremaker swallows FFr2.64bn of rationalisation costs

Michelin falls into loss

By John Ridding in Paris

MICHELIN, the world's largest tyremaker, plunged into a net loss of FFr3.19bn ($567.6m) in the first six months of the year.

It blamed the recession in European markets and exceptional charges related to an ambitious cost-cutting plan.

The company, one of France's largest industrial groups, said the sharp decline, from net profits of FFr830m in the first half of 1992, largely reflected the impact of a FFr2.64bn provision for a rationalisation programme.

The programme, announced in April, is aimed at cutting costs by FFr3.5bn, or 10 per cent of the total, over the next two years.

"We wanted to remove all uncertainty," said Mr Eric Bourdais de Charbonnière, the finance director.

He said the group had decided to take all of the restructuring costs in the first half of the year.

Even without the impact of exceptional charges, the group suffered a sharp downturn.

Operating profits declined 71 per cent to FFr793m on sales down 12 per cent to FFr30.62bn. Shares in the group slipped FFr2.7 to FFr174.6.

The fall at the trading level was attributed to the depressed international demand for cars and trucks.

Michelin said the recovery in the US market had not offset a sharp fall in European and Japanese sales.

In the European market alone, car production fell 16 per cent in the first six months. Output of trucks and commercial vehicles fell by about 27 per cent. Britain was the only country to register an improvement.

"We have to be prepared for a long-term crisis," warned Mr Bourdais de Charbonnière. He said the group's cost-cutting measures – which will reduce the group's workforce to about 122,000 from the current 130,000 by the beginning of 1995 – would strengthen the competitiveness of the group and free cash to cover investments and reduced debts.

In spite of the difficult economic environment, the company reported some encouraging signs. The market for replacement tyres – which are sold at about twice the price of tyres which go directly to car manufacturers – had seen an improvement in the second quarter.

Demand in the US continued to improve, although competition remained intense. The group said it expected to report a profit in the US in 1994, after a loss this year.

Mr Bourdais de Charbonnière expressed confidence that the group's debts could be maintained at the current level of FFr29.9bn. He based this on the company's productivity improvements.

However, he said it was "urgent that interest rates be brought down" to ease the company's financial burden.

A 1 percentage point cut in France, Germany and Spain would reduce the company's financial charges by about FFr150m, according to the finance director.

Industry analysts said the first-half performance was largely in line with expectations.

However, until consumer confidence improved in Michelin's principal European markets, the outlook for trading would remain gloomy.

The need for the company to reduce stock levels in the second half is also expected to affect capacity utilisation and profitability.

Paramount shares soar as investors await bidding war

By Martin Dickson in New York

SHARES in Paramount Communications soared yesterday as Wall Street anticipated a bidding war for the entertainment group following a $9.5bn hostile offer launched on Monday by QVC Network, the home shopping television group headed by Mr Barry Diller, a leading film industry executive.

QVC's bid topped an agreed bid for Paramount launched on September 12 by Viacom, a cable television service and programming company best known for its MTV pop music channel.

Analysts expected Viacom to improve its offer substantially to remain in the battle and they thought that other US media groups might also enter the fray.

Viacom said acidly that the "marriage of strategic assets of Paramount and Viacom cannot be matched by the combination of Paramount and a shopping service".

However, QVC's bid was helped yesterday by the fact that the company's share price did not drop greatly in morning trading – the first opportunity for the market to express a view on its offer.

By lunchtime QVC stock had regained its early losses and stood at $56, unchanged, on the Nasdaq over-the counter market. That meant that its bid, consisting of $30 in cash and 0.893 of a share for each Paramount share, was worth $80, the same price as when it was launched.

Viacom's offer of $9.10 in cash and a mixture of its stock was worth only $61.15 at lunchtime, with Viacom's A shares falling $2¼ to 57 and its B shares down $2 at $51½. That gave the offer an overall value of $7.3bn, against $8.2bn when it was launched.

QVC, with turnover of $1bn, is smaller than Viacom, which has revenues of around $2bn, and Paramount, with $4bn.

Mr Diller, who joined the group as chairman and chief executive nine months ago, has a strong reputation in the entertainment industry and powerful backers. He said a combination of Paramount and QVC rested on "the belief that the future belongs to the people who create the best programming".

Other leading shareholders in QVC are Comcast, a large cable service company, and Liberty Media, a cable programme company spun off from Tele-Communications, the largest US cable service company.

Barry Diller, Page 21; Lex, Page 18

Associated Press

Diller: 'The future belongs to those who create the best programming'

Tesco to fight rivals on price

By Neil Buckley

TESCO, the UK's second-biggest superstore chain, yesterday broke ranks with its main competitors by saying it was repositioning itself on price, and admitting the growing threat posed by discount food retailers.

Sir Ian MacLaurin, chairman, claimed Tesco had opened a price gap of 4 to 5 per cent on basic products between it and competitors such as J Sainsbury and Argyll, owner of Safeway. His comments prompted speculation about a price war.

He admitted Tesco had been slow to react to the recession, but hoped to outpace its competitors in a grocery sector where "the ball-game has changed".

"Quite clearly the aspirations of customers in the 1990s are very different from the affluent 1980s," Sir Ian said.

He added that the spread of discounters such as Aldi, of Germany, and Netto, of Denmark, selling a limited range of goods at low prices, had put pressure on superstores to ensure their prices were competitive.

"Whoever you are, you now have the Aldis and Nettos sitting on your car park. We have got to be as cheap as anybody on the basics, but offer additional lines and services."

His comments came as Tesco disclosed a smaller-than-expected increase of 3.4 per cent in interim profits to £261.5m on turnover up 9.5 per cent to £4bn. It said its gross margin was down 0.2 percentage points as a result of its price initiatives – the first decline for about eight years.

Sir Ian did not go as far as Mr Archie Norman, chief executive of Asda, who has warned the "halcyon days" of food retailing are over, with a saturated food market unable to support planned store openings. He did, however, warn of a "sort-out".

Analysts said Tesco's new approach, which follows similar moves by superstore operators such as Asda, Gateway, and Wm Morrison, would put pressure on Sainsbury and Safeway.

Sir Ian said the change in thinking at Tesco resulted from a review of customer attitudes. This led to a new store design, as well as the decision to introduce the cut-price Tesco Value brand to compete directly with the discounters. Mr David Reid, finance director, denied that discounters had eroded Tesco's sales, but admitted they were "changing the price benchmarks".

Results, Page 24; Lex, Page 18

Barry Riley

Feeling of betrayal in corporate Germany

Has Daimler-Benz betrayed the rest of the German corporate sector by capitulating to the financial imperialism of the US Securities and Exchange Commission? Many Germans have been shocked by the ailing motor and aerospace giant's publication last week of two strikingly different versions of its 1993 first-half figures, a German-style net profit of DM168m (£67m) and a US-style equivalent net loss of DM949m.

At the last count 557 foreign companies had registered securities with the SEC so that they could be owned and traded by Americans. But in all this selection none is from Germany.

However, on October 5 Daimler-Benz is due to list its shares on the New York Stock Exchange. It will be able to do so because it has agreed to recast its financial statements in accordance with US generally accepted accounting principles (GAAP).

For the German corporate establishment this has been quite a snub. For many years the Germans have been fighting a rearguard action to protect their own financial reporting methods, which are highly conservative and legalistic. They are at the other end of the spectrum from the judgmental and *potentially* more realistic "true and fair" British accounts ("potentially" because it is prudent to be modest on the day of the Spring Ram results).

The German view of this was expressed eloquently earlier this month by Mr Herbert Biener, of the German Federal Ministry of Justice. At the Copenhagen congress of the European accountants' federation FEE, he said it was an illusion to believe a German company's accounts would be comparable to those of a similar US corporation because they were both drawn up under US GAAP: "the economic, social and legal environment of those enterprises may be so different".

But to Mr Walter Schuetze, chief accountant of the SEC, speaking on the same platform, the issues were self-evident. The role of financial reporting, in the words of the US Financial Accounting Standards Board, was to provide "evenhanded, neutral, unbiased information". In the US system, he said, "information is king, and also queen".

Barry Riley begins a Wednesday column on worldwide investment themes and strategies

To the SEC, the challenge of the international markets is similar to the challenge it has already faced within US domestic markets over the past 60 years. It has imposed standardised accounting and reporting across different markets to create a rational basis for investor choice.

The parallel development of financial market theory in the US has focused on efficiency of markets and the attainment of equilibrium pricing which supposedly leads to the efficient allocation of capital. Within such a framework there is much emphasis on the heavy trading of shares within liquid markets. The approach, naturally, is eagerly promoted by volume-hungry stockbrokers and by investment banks living off deals which depend on shareholders being only loosely and temporarily attached to the companies in which they invest. In the late 1980s the system went badly wrong and clearly led to the inefficient allocation of capital through a series of wildly mispriced deals and financial collapses but the American investment banking establishment has now recovered its nerve.

German attitudes have traditionally been quite different. The theory that speculative trading could direct capital in an economically desirable direction is dismissed as a road leading straight to Polly Peck. Company accounts are not there to define some unattainable "truth" but to achieve the more modest aim of fulfilling legal and fiscal obligations. There is an emphasis on long-term or "core" shareholders, including the big banks, and there is not seen to be anything wrong if they are given more accurate and up-to-date information than are other investors.

For many years the Germans have been able to claim that their approach gave superior results. It supported long-termism in industry and suppressed the financial wheeler-dealers who thrive in an Anglo-American culture. But now the German economy faces its biggest crisis since World War Two. Daimler-Benz, the nation's biggest industrial company, has decided it must gain access to the global capital market.

To Deutschland GmbH this seems like treachery. The implications for the introverted governance of the German corporate sector could be profound. But only the very strong can write their own rules.

Pechiney unveils loss of FFr397m

By John Ridding in Paris

EUROPEAN recession and the depressed state of the aluminium market have taken their toll on Pechiney, the state-controlled French aluminium group. Yesterday it announced net losses of FFr397m ($70.6m) in the first six months of the year, compared with net profits of FFr782m last time.

Sales at the group, which is on the government's list of 21 companies to be sold as part of its privatisation campaign, fell from FFr34.01bn to FFr31.3bn. Operating income declined from FFr1.83bn to FFr1.1bn.

Mr Jean Gandois, chairman, said there were "extreme differences" between the group's activities. Its single biggest problem, he said, is the aluminium production business, which is suffering from falling prices and excess supply.

He said the gloomy outlook for this division would prevent the group from returning to profitability in the second half. The losses, however, were expected to be "noticeably less" than in the first half.

According to Mr Gandois, aluminium prices fell by about 10 per cent in the first half of 1993 compared with the same period last year. He blamed the impact of Russian imports and excess production by other international manufacturers, and forecast that aluminium stocks would continue to rise.

Pechiney's chairman also expressed interest in a proposal by the French industry ministry to combine with Compagnie Nationale du Rhône (CNR), the French electricity generator.

"There would be advantages in having a stable supply of electricity," said Mr Gandois.

The French government is believed to be encouraging such an alliance with CNR to make Pechiney more attractive before privatisation. Pechiney is France's single largest consumer of electricity.


Jean Gandois: sees advantages in electricity group tie-up

At the other end of the scale from aluminium, in terms of the group's business divisions, was Pechiney International, the packaging group 67 per cent-owned by Pechiney. Net profits here fell from FFr1.42bn to FFr439m, but this was the result of large exceptional gains last year.

Excluding exceptionals, profits rose to FFr578m from FFr397m.

The rise in underlying profits reflected reduced financial and tax charges, which offset a slowdown in demand for drinking cans and lower prices. The group said the difficult business environment did not jeopardise the prospects for an increase in profits at the subsidiary.

The third group of Pechiney's businesses, trading and non-aluminium industrial activities, reported flat profits during the period.

Eridiana advances 7% to FFr614m at half-way

By Haig Simonian in Milan

ERIDANIA Béghin-Say, the sugar and foods group controlled by Italy's troubled Ferruzzi Finanziaria (Ferfin) holding company, underlined its financial resilience in the face of its parent's difficulties with a 7 per cent rise in net first-half profits, to FFr614m ($109.25m) from FFr572m.

Mr Guido Rossi, the Ferfin chairman imposed by creditor banks earlier this year, underlined the Paris-based company's importance to Ferruzzi when he said the Ferruzzi rescue plan being studied by creditor banks did not envisage a sale of Ferfin's majority stake.

The management of Eridania Béghin-Say, which has been trying to underline its independence and financial health, said they had no intention of divesting any activities acquired under Ferfin's control.

EBS has diversified into some branded consumer food sectors and pushed into new markets in eastern Europe. Sales rose 3 per cent to FFr24.75bn, while pre-tax earnings soared 32 per cent to FFr1.29bn.

EBS said all its main activities had either maintained or improved profitability in the first half. With a "favourable" outlook for the remainder of the year, it predicted that full 1993 profits would probably exceed 1992's FFr1.28bn.

With attention focused on the financial problems of its controlling shareholder, EBS stressed that its own ratio of borrowings to new equity had remained virtually unchanged over the past six months, in spite of investing about FFr300m on a new plant in eastern Germany.

EBS has been identified as one of the most appealing parts of the Ferfin empire if there is a break-up, and a number of aspiring buyers have already shown informal interest. The Paris government has said it would monitor closely any plans to change the group's future ownership in view of its strategic importance for the French farming sector.

KNP BT seeks to boost holding in Austrian group

By Ronald van de Krol in Amsterdam

KNP BT, the Dutch paper and packaging group, is to launch a one-for-five rights issue as part of plans to boost to 90 per cent its stake in Leykam-Mürztaler, the loss-making Austrian paper group.

KNP BT said the malaise in the European paper industry had prompted it to accelerate plans to integrate Leykam, in which it has owned a 50.4 per cent stake since 1989. The Austrian bank Creditanstalt-Bankverein owns 25.2 per cent of Leykam, and the rest is publicly-traded.

Under the deal, KNP BT will merge its two paper-producing divisions into Leykam, which will then issue new shares. KNP BT will eventually own 90 per cent of the enlarged company, including the shares now held by Creditanstalt, which the Dutch company intends to acquire.

The remaining 10 per cent of Leykam's shares will continue to be traded in Vienna and Frankfurt.

The company declined to give financial details, but noted that the merger of the paper divisions would be carried out on a non-cash basis. Talks will be held on acquiring Creditanstalt's shares.

Details of the KNP BT rights issue will be announced in the next few weeks. The company currently has a market capitalisation of some Fl 3bn ($1.7bn). MacMillan Bloedel of Canada, which owns 17 per cent of KNP BT, says it will take up its shares.

KNP BT said the rights issue would ensure that its solvency ratios remained unchanged, counteracting the deterioration that would otherwise have occurred through the full consolidation of Leykam.

Leykam, the biggest paper maker in Austria, is a leading producer of coated wood-free paper.

KNP BT, whose own results have come under pressure from difficult market conditions in Europe, said the move would increase its flexibility to produce at lower costs. One immediate consequence is that it will be closing down a smaller paper-producing machine at its plant in the Dutch town of Nijmegen, with the loss of 250 jobs.

● Creditanstalt-Bankverein has said it will not sell its 25.5 per cent stake in Leykam back to KNP until next year. This, however, would not affect the merger plan, said Mr Guido Schmidt-Chiari, chief executive, writes Ian Rodger in Vienna.

The bank has a put option to sell most of its stake to KNP, but does not want to exercise it this year for tax reasons. At the Sch340 at which Leykam shares traded yesterday, the Creditanstalt stake was worth roughly Sch800m ($70.6m).

The bank, Austria's second largest, also has a 2.5 per cent stake in KNP, and intends to take up its rights in the forthcoming Fl 500m issue to finance the takeover.

Polish cable group sold for $16.8m

By Christopher Bobinski in Warsaw

THE POLISH government yesterday sold the Bydgoska Fabryka Kabli (BFK), a leading cable producer, for $16.8m to a private consortium made up of Elektrim, a trading company specialising in energy and telecommunications equipment, and the Export Development Bank (BRE).

The deal is the largest involving a Polish private investor since the privatisation programme started in 1990. The Polish consortium made the purchase in the face of competition from three other bidders – including Siemens of Germany, which is negotiating to buy the Elwro electronic works in Wroclaw.

The successful bid was lower than Siemens' offer, of but the government opted for domestic investors. Elektrim has purchased 60 per cent of the equity in BFK, while BRE is taking a further 20 per cent and the remaining 20 per cent will be sold to BFK's 856 employees and management.

BFK reported a net profit of $1m on a turnover of $60.3m last year.

Canal-Plus profits ahead 33%

By Alice Rawsthorn in Paris

CANAL-PLUS, the French media group, lifted net interim profits by 33 per cent, to FFr676m ($120.3m) from FFr507m in the first half of 1992. It forecast 10 per cent growth in net earnings for the full year, to FFr1.2bn.

News of the rise at Canal-Plus, which expanded rapidly in the 1980s but last year saw profits stabilise at FFr1.1bn, comes at a highly-sensitive time.

The company is preparing to renegotiate the terms of its original French pay-TV franchise with the government.

It also coincides with intense speculation about the future of Canal-Plus' relationship with Havas, the French leisure group that owns 23.5 per cent of its equity.

Havas is reported to be planning to add the 20.4 per cent of Canal-Plus held by the Compagnie Générale des Eaux utilities concern to its own stake, provided the government relaxes controls over television ownership.

The rise in net profits at Canal-Plus disguised flat profits at the operating level. Operating income fell marginally to FFr864m from FFr866m. Canal-satellite, a recently launched venture, incurred an operating loss of FFr104.4m, although the group managed to compensate with an FFr140m extraordinary gain on the issue of new shares (equivalent to a 20 per cent stake) in the company.

The proceeds of the share issue, combined with the resolution of Canal-Plus' problems in the US, produced an extraordinary gain of FFr160m in the first six months of 1993 against an extraordinary loss of FFr120m in the interim period of 1992.

In spite of the recession, Canal-Plus managed a 10.2 per cent increase in overall revenue to FFr4.28bn in the first half of this year from FFr3.89bn in the first six months of 1992

Tarmac launches £215m rights issue

By Paul Taylor in London

TARMAC, the UK's biggest housebuilder, returned to pre-tax profits in the first-half and launched a one-for-four rights issue at 120p a share designed to raise £215m ($331.1m) and fund the next phase of the group's recovery.

One third of the rights issue proceeds will be used for a land buying programme to take advantage of the upturn in the UK housing market.

The rest of the money will fund plant and machinery for Tarmac America and strengthen and improve Tarmac's capital structure, including the redemption of the group's outstanding $150m redeemable preference shares. Tarmac also plans to expand its international construction business.

Pre-tax profits were £2.5m in the six months to June 30, compared with a loss of £15.1m in the first half of 1992 on turnover which fell 4 per cent to £1.3bn. After taxation, minority interests and preference dividends, the loss per share was 0.7p compared with a 2.2p loss last time. The interim dividend is held at 3p.

The results and the rights issue, which is fully underwritten by Lazard Brothers and Samuel Montagu, were well received in the market, although the group's shares closed down 1½p at 145p.

People, Page 12; Lex, Page 18

Sogefi earnings little changed in first half

By Haig Simonian

SOGEFI, the Italian car parts group controlled by Mr Carlo De Benedetti's Cir holding company, resisted the European motor industry downturn with a only slight drop in consolidated first-half profits, to L19.4bn ($12.4m) before tax and extraordinary items against L19.6bn in 1992.

Group sales rose to L328.6bn from L319.4bn, while net indebtedness declined to L104.2bn from L116.4bn at the end of June last year.

Separately, Sasib, another big Cir-controlled engineering group, reported a fall in pre-tax first-half profits, to L21.9bn against L23.4bn last time.

Sasib said the tax figures masked an improvement in its trading position, as the decline was mainly due to lower dividends and tax credits. Operating profits recovered to L6.4bn from L600m last year. The group forecast that full-year figures should represent an improvement on 1992.

Inflated by the lower value of the lira, turnover at the railway signalling, tobacco equipment and food processing machinery maker jumped 17.5 per cent to L379.2bn.

● Gemina, the investment and financial services group tipped as one of the most likely buyers of state assets in Italy's privatisation process, yesterday admitted it had about L600bn in its war chest for possible acquisitions.

Gemina, in which the Fiat industrial group is the dominant shareholder, has been building up liquidity through a number of disposals or flotations.

The group reported a 23.4 per cent rise in consolidated net profits to L193.7bn for the financial year to June 30. Although net earnings by the parent company jumped to L125.3bn from L42.7bn, the dividend remains unchanged at L60 for ordinary shares and L70 for savings stock.

Fiat buys out Ford stake in New Holland

By Kevin Done, Motor Industry Correspondent

FIAT of Italy has taken over Ford's remaining 6.5 per cent stake in its New Holland tractors and construction equipment business.

The US group sold its Ford New Holland tractor and industrial equipment operations to Fiat in 1991, but retained a 30 per cent stake.

The holding was reduced to 13 per cent by an injection of new equity capital by Fiat into the loss-making business, and Ford requested a further cut to 6.5 per cent in May this year.

Ford has now agreed to withdraw completely from New Holland, although Fiat can still use the Ford oval trademark until May 1995 and the Ford name until 2001 on certain of its products.

Two Ford executives, Mr Allan Gilmour and Mr Peter Pestillo, have resigned from the New Holland board.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales

1/2 hour period ending	Provisional Price for Trading on [illegible]: Pool purchase price £/MWh	Final Prices for Trading on [illegible]: Pool purchase price £/MWh	Pool selling price £/MWh
0030	18.06	18.84	18.84
0100	18.05	18.11	18.11
0130	18.05	18.11	18.11
0200	18.06	[illegible]	18.11
0230	18.06	18.11	18.11
0300	18.06	18.11	18.11
0330	18.06	18.11	18.11
0400	18.05	18.11	[illegible]
0430	18.06	18.11	18.11
0500	18.05	18.11	[illegible]
0530	18.07	18.11	18.11
0600	18.06	18.11	18.11
0630	18.05	18.11	18.11
0700	20.72	22.14	22.75
0730	24.92	23.76	25.41
0800	26.64	26.84	27.31
0830	27.27	[illegible]	27.91
0900	27.34	29.00	31.02
0930	27.35	34.46	36.75
1000	27.34	34.81	36.81
1030	27.35	34.32	36.58
1100	27.41	29.79	31.86
1130	33.93	34.10	36.43
1200	33.82	41.13	45.82
1230	33.69	42.79	49.39
1300	33.47	42.28	44.87
1330	27.27	27.77	29.50
1400	26.53	27.89	29.22
1430	25.23	28.66	28.30
1500	25.23	28.66	28.31
1530	25.23	26.66	28.28
1600	26.27	26.33	27.98
[illegible]	34.11	34.81	36.85
1700	34.19	35.01	36.94
1730	34.15	34.86	36.77
1800	34.05	34.67	36.58
1830	28.42	26.47	28.08
1900	25.24	26.10	27.57
1930	38.08	26.10	27.67
2000	38.09	24.79	26.32
2030	38.05	31.65	33.39
2100	25.21	45.74	47.93
2130	25.20	45.74	47.91
2200	25.20	45.73	47.98
2230	24.71	23.78	25.30
2300	24.08	23.78	25.31
2330	23.47	23.75	25.34
2400	20.90	18.54	18.54

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, [illegible]. Provision for the determination of pool prices is made in the Pooling and Settlement Agreement which governs the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. [illegible]

INTERNATIONAL COMPANIES AND FINANCE

Tambrands stock falls nearly 10%

By Richard Waters in New York

THE share price of Tambrands, the US-based maker of Tampax tampons, dropped by nearly 10 per cent yesterday after an announcement late on Monday that the company's board had abandoned plans for a sale.

The $4⅜ fall in Tambrands' share price, to $41½ yesterday morning, came in spite of an increase in Tambrands' quarterly dividend to 42 cents from 38 cents.

The fall puts the shares back to the level at which they were trading before market speculation about a sale first surfaced in June.

Tambrands has refused in recent months to confirm that it has been for sale.

However, Mr Howard Wentz, chairman, said yesterday: "As part of a comprehensive review of Tambrands' strategic alternatives, over the last several months we explored the possibility of a sale of the company."

He added that the board had "decided that the best course is to continue to run the business independently."

It is not known whether Tambrands received any offers for the company.

The company, whose chief executive, Mr Martin Emmett, was ousted in June, said it expected to announce new senior management shortly.

NEWS DIGEST

Sun Micro and Amdahl form partnership

SUN Microsystems, a leading supplier of workstation computer systems, has entered a strategic alliance with Amdahl, a California technology company specialising in large mainframes, writes Frank McGurty in New York.

The agreement, which involves marketing as well as software development activities, will help both companies shore up areas of weakness. By agreeing to sell Sun's servers – used to link workstations into networks – Amdahl will broaden its product range beyond the mainframe market, which has shown poor growth in recent years.

Sun will gain access to Amdahl's customer base of large companies.

Creditors close in on Curragh

CREDITORS have closed in on Curragh, the Canadian lead-zinc producer, following the company's failure to raise new equity in Europe, writes Robert Gibbens in Montreal.

Curragh, which has been in bankruptcy protection since April and has closed mines in north-west Canada because of low base metal prices, has been trying to raise up to C$75m (US$99m) in new equity since early last year.

Mr Clifford Frame, chairman, negotiated a C$50m infusion from Korea Zinc and Samsung, but the deal fell through two weeks ago. His attempts to find a white knight in Europe failed last week .

An Ontario court has put Curragh's Faro mine into receivership on behalf of unsecured note-holders owed almost US$250m. Earlier, the Bank of Nova Scotia was allowed to appoint a receiver for two other mines.

Curragh's coal mine in Nova Scotia may follow into receivership once environmental liabilities are worked out with the provincial government.

Novopharm appeals Zantac ruling

NOVOPHARM, a Toronto-based generic drug maker, said it would appeal the recent US court ruling upholding American patents on Glaxo's ulcer drug, Zantac, writes Robert Gibbens.

Novopharm and another Canadian generic producer argue that Glaxo's two US patents on Zantac, expiring in 1995 and 2002, are really the same and should end in 1995.

Man behind Bart Simpson holds key to QVC bid

Martin Dickson on the choice facing shareholders in the $9.5bn takeover contest for Paramount

THE $9.5bn takeover bid launched by QVC Network for Paramount Communications on Monday is riding on the reputation of a single man: Mr Barry Diller, the entertainment industry executive behind television and film hits ranging from *The Simpsons* cartoon series to the *Indiana Jones* adventure movies.

When Mr Diller, one of the most respected figures in Hollywood, took a large personal stake in QVC nine months ago and joined the business as chairman and chief executive, he sparked a remarkable rise in the shares of this humdrum cable television home-shopping company.

Mr Diller made clear not only that he saw an extremely exciting future for home shopping, but that he intended to build QVC into a much broader based company which would capitalise on the vast opportunities of the impending age of interactive multi-media home entertainment.

The bid for Paramount, with assets ranging from the Paramount Pictures film studios to the Prentice Hall book publishing company, represents a huge leap towards Mr Diller's goal.

It has been made possible by the strength of QVC's share price, which rose from around $38 when Mr Diller came aboard last December to a year's high of $73 and stood at $56, unchanged, at lunchtime yesterday.

The hostile QVC offer for Paramount consists largely of stock, with some element of cash – as does that from rival bidder Viacom, the cable business best known for its MTV pop music channel, which made an agreed offer nine days ago.

Wall Street analysts think this is just the start of a bidding war involving these two companies and, possibly, other large US and foreign media groups, which could involve much larger doses of cash.

But for now, the strength of the two bids depends largely on the price Wall Street accords QVC and Viacom shares, and that largely depends on perceptions of the value the bidders would add to the Paramount business.

The 51-year-old Mr Diller has the advantage of one of Hollywood's most distinguished creative records.

A drop-out from the University of California, he got his start in show business in the mailroom of the William Morris talent agency, and then became an agent himself.

He made his name as a programmer at the ABC network in the early 1970s, and from 1974 to 1984 headed the Paramount studios, quitting to join Mr Rupert Murdoch's nascent Fox TV network after repeated

One of the many ironies of the QVC bid for Paramount Communications is the opportunity that it could give Mr Barry Diller to oust Mr Martin Davis, his old adversary

clashes with Mr Martin Davis, the then new chairman of Paramount Communications. (One of the many ironies of the QVC bid is the opportunity it could give Mr Diller to oust Mr Davis, his old adversary.)

He left Mr Murdoch's News International empire in February last year, wanting a company of his own to run, and after nine months of casting around found it at QVC – a choice which amazed an entertainment industry which regarded home shopping as little more than a butt for jokes.

QVC's other leading shareholders are two important cable television companies, Comcast and Liberty Media, which are enthusiastically backing the Paramount bid, pumping $1bn into QVC through an issue of convertible stock.

QVC runs a 24-hour live cable channel over which it sells goods ranging from jewellery through collectibles to cookware. Mr Diller first gained an insight into its potential when he visited its studios with Diane Von Furstenberg, the fashion designer, who amazed him by selling $1.2m of dresses in just 100 minutes of airtime.

Futurists have been forecasting for years that home shopping is going to be a huge business, yet throughout the 1980s it failed to take off.

Now, however, Mr Diller may have caught a breaking wave. QVC is already growing strongly, with first-half revenues up 18 per cent to $536m and underlying earnings up 57 per cent at $30.9m. Early next year, it will add a new, more contemporary home shopping service, called Q2, to add to its two shopping and fashion channels.

It is also in the throes of a stock swap merger with its chief rival, Home Shopping Network. QVC, which reaches some 47m US homes, targets the upper end of the market, while Home Shopping, with 60m homes, is more down-market. However, there have been rumblings that some Home Shopping directors are unhappy at the merger terms, and the Paramount bid could sideline this deal. However big the promise of home shopping, it will be just one entertainment/information segment in a multi-media industry which could offer consumers hundreds of television channels.

For all the technological advances which make this possible, the key to attracting viewers will be entertainment "software" of the kind Mr Diller produces so well. Yet Viacom too has shown itself to be on the cutting edge of popular entertainment.

The choice facing Wall Street is between the man behind Bart Simpson and the one ultimately responsible for the latest US teenage fad – two peurile MTV cartoon characters called Beavis and Butt-head.

Healthcare insurers prepare for a shock to the system

Richard Waters previews a US medical revolution

RUNNING a health insurance company used to be a simple business: you raised premiums each year to match escalating medical costs, and processed mountains of claims.

Not any more. Even before President Bill Clinton's planned healthcare revolution, to be unveiled tonight, the largest US health insurers have been going through a quiet revolution of their own. For those that can stay the course after the shock to the system delivered by the president's plan, that process is likely to accelerate.

Insurers, whose escalating premiums are for most Americans the clearest sign of a medical system out of control, have long been regarded as the villains of the US healthcare industry. That popular perception, they claim, has made them an easy target for politicians.

The Clinton plan will effectively take control of underwriting away from health insurers. According to an early draft of the plan, premium increases will be controlled by a new National Health Board.

Insurers would also lose the power to refuse cover to people they consider to be bad risks, or even to charge them a higher premium. The president's plan envisages a return to "community rating", a system of assessing insurance premiums which insurers have turned their backs on in the past 20 years. This requires good and bad risks to be pooled, with a single premium.

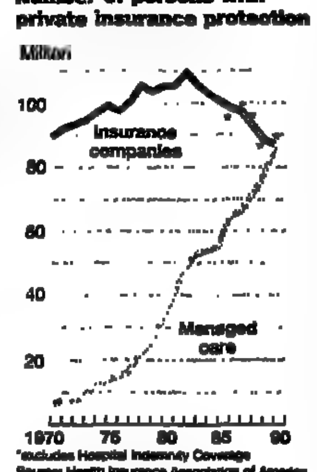
Deprived of control over their pricing and underwriting, the Clinton plan would force the health insurers to look again at their costs, continuing the restructuring that has already been under way.

The attack on costs has already turned the big health insurers increasingly into medical delivery companies. This involves them in everything from making on-site inspections of hospital procedures and providing second opinions on medical conditions, to contracting directly with networks of hospitals and doctors to establish health care networks for their customers.

In this, they have been responding in part to the health maintenance organisations (HMOs) and other managed care providers who have made big inroads into US healthcare. Since the beginning of the 1970s, the number of people covered by managed care arrangements has grown from less than 10m to nearly 90m, rivalling the numbers covered under traditional indemnity insurance plans.

Cigna and Aetna have moved faster in this direction than the three other "big five" health insurers – Prudential, Travelers and Met Life. Aetna, for instance, provides health insurance to 12m people of whom 3.1m are in managed care arrangements such as HMOs (which provide healthcare services for a fixed annual payment) and preferred provider organisations (or PPOs, networks offering a discount to cover a large group of people).

Number of persons with private insurance protection



*excludes Hospital Indemnity Coverage
Source: Health Insurance Association of America Group Health Association of America

For the other 8.9m people, Aetna has been striving to hold costs down by reviewing medical procedures and getting second opinions. The result has been an increase in overhead costs, but falling payments to providers. "For every $1 you spend, you save between $4 and $10," says Mr Will Jones, a director of Aetna's health insurance business.

The move into managed care, combined with three years of sharply rising premiums and slowing inflation in healthcare costs, has made health insurance a profitable business again after losses for much of the 1980s. Cigna will make operating profits of $400m from the business this year, compared with $275m at Aetna, estimates Mr Western Hicks, an analyst at Sanford C. Bernstein. At a time when their property/casualty operations are struggling to make a profit, such earnings are bailing out some of the biggest insurance groups.

The regional health alliances, through which all consumers will end up buying cover, will recommend only a handful of plans in their area: getting on this list will make the difference between securing a large local market and losing out altogether (only companies employing more than 5,000 will be able to buy cover outside the alliances, providing too narrow a market to support many local providers of health plans).

The big insurers, which tend to be thinly spread, could yet be squeezed out of many areas by local HMOs and Blue Cross/Blue Service plans. A large local market share gives a managed care organisation more clout to negotiate with providers, says Mr David Koppe, treasurer of United Healthcare, an HMO which covers 2.3m people. United, one of the largest HMOs, has concentrated on being one of the two biggest providers in the 18 cities in which it operates.

In this business, the big insurers have a long way to go. "We don't feel the competition is from the large insurance companies," says Mr Koppe.

Jardine Matheson chief in surprise resignation

By Simon Davies in Hong Kong

MR Nigel Rich has resigned as managing director of Jardine Matheson. He will be replaced by Mr Alasdair Morrison, currently managing director of Hong Kong Land Group, Jardine's property investment arm.

Mr Rich had been "taipan" of Jardine since 1989, taking the helm during a period predominated by politics, as the Jardine group made its attempt to side-step Hong Kong stock market regulations and gain a primary listing in London.

He also led the group's expansion overseas, with Hongkong Land taking a 25 per cent stake in Trafalgar House, the UK construction and property group.

Other notable group deals included Jardine Strategic Holdings' purchase of a substantial investment in Singapore-listed Cycle and Carriage and a sizeable investment in retail operations in New Zealand, Spain and Singapore by the group's Dairy Farm arm.

Nigel Rich: returning to London next year

The announcement of his departure, which will take place in March 1994, came as a surprise. However, Mr Rich said he had only wanted to take on the job for five years. "I had always had it in mind that my successor should have a good run in before 1997," he said.

He will return to London in 1994, where there is speculation that he may be offered a role in Trafalgar House.

Mr Morrison has been with the group for 22 years, and had long been seen as the eventual successor to Mr Rich, who had also risen through the ranks of Hongkong Land.

The reshuffle is not expected to lead to any changes in Jardine's management strategy, which is strongly influenced by its largest single shareholder, the Keswick family.

Group turns in 14% profits rise

By Simon Davies

JARDINE Matheson Holdings, the diversified Hong Kong trading and investment company, yesterday reported improved first-half profits and announced a sharp rise in the interim dividend.

Net profit for the first half of 1993 rose by 14 per cent to US$173.8m, up from US$151.8m a year earlier. The interim dividend is going up to 6.8 cents a share from 3.7 cents.

Turnover – up 6 per cent at US$4.04bn – grew more slowly, reflecting adverse conditions for the trading and distribution business in Japan, and slower car sales in Hong Kong.

The wholly-owned Jardine Pacific unit, which includes engineering, car sales, and restaurant businesses, recorded 9 per cent growth to US$80.3m, in spite of a halving of profits from its trading and distribution business.

Jardine Fleming, the joint-venture securities house owned with Robert Fleming, announced strong figures due to buoyant Asian stock markets. Profits jumped 31 per cent to US$77.1m, and the company's fund management business reported a 33 per cent increase in funds under management to US$13.3bn.

Of the group's other listed operations, Dairy Farm and Hong Kong Land both reported steady earnings growth, while Mandarin Oriental's profits were flat.

Mr Henry Keswick, chairman, warned of the continuing effects of the economic slowdown in Japan. He added that China's austerity measures would have an adverse impact on business in the current six months.

However, he stressed that the group continued to benefit from strong financial markets in the Asia-Pacific region.

"Our diversified businesses and financial strength should enable us to achieve satisfactory earnings growth for the full year", Mr Keswick said.

Telecom stake sold for NZ$592m

By Terry Hall in Wellington

FOUR leading New Zealand businessmen – Sir Michael Fay, Mr David Richwhite, Mr Alan Gibbs and Mr Trevor Farmer – yesterday sold 155m shares in Telecom Corporation for NZ$592m (US$313.4m).

They had been granted options to buy a 10 per cent stake in the company by Bell Atlantic and Ameritech when the two US telephone companies acquired Telecom in 1989 for NZ$4.25bn.

Yesterday the four men, acting through their private investment companies, exercised the options, paying the US companies NZ$1.82 a share. The shares were immediately sold for NZ$3.82.

Sir Michael and Mr Richwhite's private company, Midavia Holdings, sold 87.5m shares. Freightways' subsidiary, Rontas, controlled by Mr Gibbs and Mr Farmer, sold 67.5m shares.

This reduced Bell Atlantic and Ameritech's shareholdings to under 49.9 per cent, the level they had agreed when they bought the company from the New Zealand government.

Sagasco rejects A$760m Boral offer

By Nikki Tait in Sydney

SAGASCO, the owner of South Australia's suburban gas network and various production assets, yesterday said that the A$760m (US$495m) bid from Boral, the building materials group, was "not fair and reasonable".

In support of its bid defence, the company released a valuation by Grant Samuel, the merchant bank, which suggested that Sagasco was worth between A$3.02 and A$4.29 a share, in contrast to the A$3.50 which Boral is proposing to pay.

Boral said later that it had not considered raising its offer and still believed that the offer was fair.

The South Australian state government retains a 32 per cent interest in Sagasco, having sold a 19.9 per cent stake to Boral at A$3.40 a share. It said yesterday that no decision had been taken over its holding, but that it would seek to maximise its return.

"We will go for the best possible price that somebody will actually pay," commented the authorities.

● TNT, the troubled transportation group, yesterday insisted that its plans for some form of capital-raising exercise had not yet been finalised.

The stock market has been awash with rumours of a A$300m preference share issue, and the expectation that an issue was being finalised sent TNT shares up by four cents to A$1.36 yesterday.

The issue is being lead managed by County NatWest and Macquaries Equities, and is expected to be presented to the TNT board later this week.

● The R&I Bank of Western Australia plans to change its name to Bank of Western Australia and to reduce its staff by 12 per cent, or 400 people, Reuter reports.

The bank is owned by the Western Australian state government. Mr Warwick Kent, managing director, said the jobs would go as a result of an operations review, although no branches were expected to close.

Public ambitions of Bimantara

Indonesian group is poised for more flotations, says William Keeling

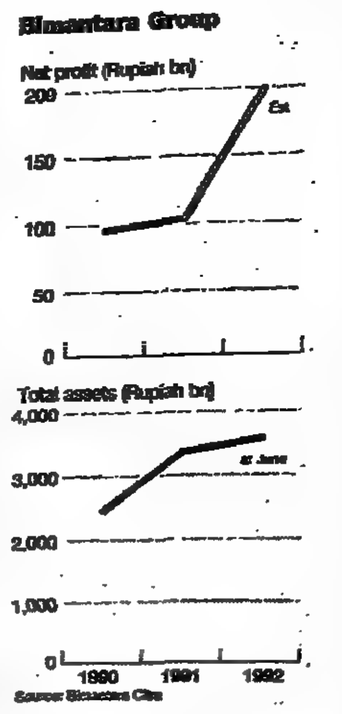
BIMANTARA Group, one of a small number of fast growing conglomerates which dominate Indonesia's private sector, may be about to float further subsidiaries on the Jakarta stock market.

The company has expanded rapidly since its formation in 1982. It has almost 70 subsidiaries in sectors as diverse as chemicals, tourism, financial services and animal feed, and has built up assets of more than $1.75bn.

But Bimantara has a reputation for secrecy as well as for rapid growth. Analysts say the group's expansion has relied in part on the political connections of its founders, led by Mr Bambang Trihatmodjo, President Suharto's second son, who owns 39 per cent of Bimantara Citra, the group's holding company.

The group has been adroit at winning government contracts, often without open tender, and has been adopted as a local partner by many foreign companies undertaking large projects in Indonesia. Other shareholders include Mr Indra Rukmana (Mr Trihatmodjo's brother-in-law) who has a 39 per cent stake.

Important projects currently under way include a $100m toxic waste processing plant in partnership with Waste Management International of the US; a $350m proposal to own the country's next generation of communication satellites; a joint venture with Indonesia's Barito Pacific Group for a $1.6bn petrochemicals plant in West Java; and a proposal with Siemens of Germany to build, own and operate a $2bn power station in East Java.



Some analysts say that the company collects businesses in an ad hoc manner, has a weak management structure and depends too heavily on debt financing provided by state banks.

Profits, however, have risen rapidly, with net earnings moving up from Rp98bn ($45m) in 1990 to an estimated Rp200bn for 1992.

Three subsidiaries account for 50 per cent of its earnings. They are Food Specialities, a dairy products joint-venture with Nestlé; International Timber Corporation, a forestry and wood products company; and Japfa Comfeed, Indonesia's second largest animal feed producer, in which Bimantara has a 20 per cent stake.

Mr Ahmad Afdhal, Bimantara's corporate secretary, says that "in the next few years our chemical and property companies will make a lot of profits".

Oil company executives, however, estimate the Chandra Asri petrochemicals plant, due for completion by 1996, will require an ethylene price of more than $500 a tonne to break even, compared with recent prices averaging below $350 a tonne.

The company is elusive about which subsidiaries might be taken public, although candidates include its trans-Java gas pipeline operations, a five-star hotel in Bali and an aircraft leasing subsidiary.

Mr Afdhal says that only about six subsidiaries currently meet the Jakarta stock exchange's listing requirements, which include audited accounts recording an operating profit for more than two years.

Brokers argue Bimantara and other conglomerates close to the current government are keen to complete the flotation before President Suharto, who has led the country for over 25 years, leaves office.

By turning subsidiaries public and attracting foreign shareholders, conglomerates will have a measure of protection against a political backlash under a future government, says one observer.

Analysts question how attractive its subsidiaries will be to foreign investors. When the group took its Plaza Indonesia hotel and shopping mall subsidiary public last year, it preferred to place the shares almost entirely with Indonesian state pension funds.

Brokers say the shares, which have seen almost no trade, are among the stock market's most expensive on a price-to-earnings ratio.

Some of its subsidiaries, however, enjoy monopoly trading rights and have attracted criticism. The World Bank in a recent report described Bimantara's monopoly on citrus fruit trade in West Kalimantan, granted in 1991, as "hurting poor farmers and less well-off customers. Unemployment and labour migration have increased".

Mr Afdhal says that "competition is part of our life." But he adds: "For a new company we would like protection from the government just to make sure our investment does all right."

Bondholders opt for YPF shares

By John Barham in Buenos Aires

AROUND 13 per cent of YPF, Argentina's national oil company, has changed hands under a $1bn option agreement with holders of government bonds.

Mr Alejandro Mayoral, economic policy undersecretary, said that about 85,000 people had swapped their holdings of government bonds, known as Bocons, for a total of 46.5m shares in YPF, Argentina's largest company.

The government floated 45 per cent of YPF in June, raising $3.04bn from local and foreign investors. A further 26 per cent was reserved for holders of Bocons at the original flotation price of $19 a share.

In 1991 and 1992, the government issued $9.4bn worth of 10-year floating rate Bocons to suppliers and pensioners in lieu of payment and pension rights. Pension holders were offered $8.2bn in bonds convertible into YPF shares. To win support for the flotation of YPF, the government offered to buy back Bocons at 79 per cent of face value.

It is believed that many pensioners have sold their Bocons on the secondary market, where they are currently fetching 83 per cent of face value.

YPF shares have risen by more than 25 per cent to $24, giving investors and pensioners a substantial gain. However, the shares cannot be sold for at least a year.

The government has issued a further $1.2bn in Bocons to suppliers. They can also convert the bonds into equity, but will have to wait until pensioners had taken up their rights.

Once conversion is completed, the government's holding in YPF will be reduced to 20 per cent. Employees will own 10 per cent and private investors 70 per cent.

For the first half of 1993, YPF reported net income of $240m, up 80 per cent on the first half of 1992.

Kawasaki Heavy bids for shipyard

KAWASAKI Heavy Industries of Japan is bidding for Philippine Shipyard and Engineering under a programme aimed at auctioning 87 per cent of state shareholdings in the 52-hectare shipyard, Reuter reports from Tokyo.

Kawasaki, in conjunction with a Philippines group, will bid for the shipyard at a tender to be held early next month.

The Japanese company owned 40 per cent – with a Philippine state investment group holding the rest – when the shipyard began life in 1976. It reduced its stake to 4 per cent in 1988 after the shipyard fell into financial difficulty.

INTERNATIONAL CAPITAL MARKETS

Russian upheaval may trigger selling in Europe

By Conner Middelmann in London and Patrick Harverson in New York

NEWS of political upheaval in Russia came as Europe's bond markets were closing and had little impact on cash prices. However, it pressured futures prices in after-hours trading and could spark further selling today.

Moreover, the dollar surged against most European currencies, reasserting its safe-haven status. "This [the Russian crisis] may cause a little nervousness by US and Japanese investors who have been the big players in Europe," said Mr Mark Capleton, international bond strategist with Barclays de Zoete Wedd. "But it's unlikely to be material," he added.

GOVERNMENT BONDS

■ GERMAN bonds ended about ¼ point lower, with the news from Russia erasing the bund future's late gains.

The December contract closed at 98.82, down by 0.15 of a point from Monday.

Although Germany's latest monetary data showed much weaker-than-expected money supply growth, the release had little impact on prices. German M3 grew at 7.2 per cent through August, whereas economists' forecasts centred on a growth rate of around 7.9 per cent.

However, after encouraging remarks last week from Bundesbank president Mr Helmut Schlesinger, the market had discounted a lower figure and largely ignored the numbers.

Meanwhile, the Bundesbank set fixed-rate repos at 7.60 per cent, the same rate as last week, for today's allocation. This disappointed some dealers who had hoped for a return to variable-rate repos.

■ DUTCH bonds were given a small lift by the government's announcement that it has completed its funding programme for this year, though they ended lower on the day in line with bunds. The yield gap between the German 10-year benchmark and its lower-yielding Dutch counterpart widened to 17 basis points from 14 on Monday.

■ FRENCH bond futures' earlier gains were wiped out in the late sell-off, leaving them to close about ¼ point lower on the day. Fading hopes of a rate cut at Thursday's repo operation by the Bank of France also dampened prices.

Today, dealers will focus on the announcement of the 1994 budget. However, it is unlikely to have a significant market impact as most of it is already widely known, said Mr Robin Hubbard, economist at Paribas Capital Markets.

■ IN LONDON, gilts ended little changed as traders digested the Bank of England's announcement for plans to auction £3¼bn of 6¾ per cent gilts due 2004 next Wednesday. "The amount was a bit larger than expected and the coupon a bit lower," said a trader.

■ JAPANESE government bonds rallied to a six-year high after the Bank of Japan delivered a larger-than-expected ¾-point reduction in its official discount rate, to 1.75 per cent. Although this is seen as the last cut in the current interest-rate cycle, prices are expected to remain supported by buying from Japanese funds, said one dealer.

■ US Treasury prices rebounded from Monday's losses yesterday morning as bargain hunters moved into the market following early declines. By midday the benchmark 30-year government bond was up $\frac{1}{32}$ at 102¼, yielding 6.081 per cent. At the short end of the market, the two-year note was $\frac{1}{32}$ firmer at 99$\frac{29}{32}$, to yield 3.891 per cent.

Prices slipped at the opening in response to news of a bigger-than-expected 7.8 per cent rise in August housing starts. The figures on building permits were also above expectations.

The early declines, however, did not last long, as retail buyers entered the market, attracted by the low prices.

By late morning Treasuries were back in positive territory across the entire yield curve, and by then traders and investors were preparing for the afternoon auction of $16bn in two-year notes.

FT FIXED INTEREST INDICES

	Sep 21	Sep 20	Sep 17	Sep 16	Sep 15	Year ago	High *	Low *
Govt Secs (UK)	101.78	101.57	101.51	101.23	101.48	88.31	102.88	93.38
Fixed Interest	122.96	123.01	122.85	123.07	124.05	104.86	125.20	108.67

Basis 100: Government Securities 15/10/26; Fixed Interest 1928. * for 1993. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75). Fixed Interest high since compilation: 125.20 (1/9/93), low 50.53 (3/1/75).

GILT EDGED ACTIVITY

Indices*	Sep 20	Sep 17	Sep 16	Sep 15	Sep 14
Gilt Edged Bargains	92.3	113.4	117.5	200.5	132.4
5-Day average	131.2	131.5	128.8	129.1	165.0

* SE activity indices rebased 1974

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		9.500	08/03	119.5377	-0.004	6.78	6.72	6.84
BELGIUM		9.000	03/03	111.5800	-0.420	7.21	7.11	7.11
CANADA *		7.500	12/03	103.2350	-0.110	7.05	6.94	6.99
DENMARK		8.000	05/03	108.1000	-0.250	6.82	6.79	6.72
FRANCE	BTAN	5.750	11/98	100.3500	-0.175	5.66	5.65	5.79
	OAT	6.750	10/03	104.6600	-0.310	6.08	6.14	6.23
GERMANY		6.500	07/03	103.2150	+0.175	6.05	6.14	6.32
ITALY		10.000	08/03	103.6900	[illegible]	9.64†	9.48	10.23
JAPAN	No 119	4.800	06/99	106.5775	+0.633	3.43	3.60	3.91
	No 157	4.500	06/03	103.9807	+0.835	3.93	4.11	4.27
NETHERLANDS		7.000	02/03	107.3800	+0.080	5.94	6.01	6.18
SPAIN		10.900	08/03	110.6000	-0.500	9.21	9.07	9.40
UK GILTS		7.250	03/98	103-08	+1/32	6.41	6.33	6.38
		8.000	06/03	108-20	-5/32	7.04	6.86	6.95
		9.000	10/08	114-27	[illegible]	7.35	7.21	7.34
US TREASURY *		5.750	08/03	102-15	-10/32	5.42	5.34	5.59
		6.250	08/23	102-09	-14/32	6.08	5.84	6.20
ECU (French Govt)		8.000	04/03	109.3800	-0.420	6.64	6.60	6.83

London closing, *denotes New York morning session. Yields: Local market standard. † Gross annual yield (including withholding tax at 12.5 per cent payable by non-residents.) Prices: US, UK in 32nds, others in decimal. Technical Data/ATLAS Price Sources

Indian bank seeks to raise $820m from public issues

By R.C. Murthy in Bombay

STATE Bank of India, India's largest commercial bank, will launch later this year equity and bond issues worth a total of Rs24.72bn ($820m).

It will be the first time in 40 years that an Indian commercial bank has made a public issue of securities. The capital injection will enable the bank to meet the Basle agreement on bank capital adequacy requirements.

SBI's capital ratios are currently around 5 per cent. The Basle norm is 8 per cent.

The move is being widely interpreted in India as a sign of the government's determination to press ahead with the sale of shares in the bank.

Once the issues are launched, the government's stake in SBI will fall to about 74 per cent from 95 per cent at present.

The equity element of the public offer is 12.4m shares at a premium of Rs800 to raise Rs11.16bn. The bond issue will centre on 10-year floating rate bonds, with interest at 2.5 per cent above the maximum term deposit rate, which is 10 per cent at present.

Analysts predict that the SBI flotations will be a runaway success, partly because of their rarity value.

The Rs800 premium is considered modest by analysts. It compares with the Rs4,400 at which the shares currently change hands on the Bombay Stock Exchange, and with a peak last year of Rs7,250.

Indian bourses are passing through a difficult phase; share prices are far below peak levels of 18 months ago.

SBI has Rs14.62bn capital and reserves. The capital injection will lift owned funds to nearly Rs40bn. The bank made a net profit of Rs2.12bn for the year ended March.

Hectic flow dominated by Japanese borrowers

By Tracy Corrigan

A SPATE of financings by Japanese borrowers was the main feature of yesterday's hectic flow of deals.

Tuesday's ¾-point rate cut in Japan helped improve rates for Japanese borrowers hoping to swap the proceeds of their deals back into yen. But yesterday's two Japanese government-guaranteed bond offerings were planned prior to the rate cut, dealers said. Japan Development Bank and Japan Finance Corporation for Municipal Enterprises both tapped the international bond market.

Japan Development Bank's £200m issue via S. G Warburg and J. P. Morgan provided much needed supply at the seven-year area of the yield curve, where there is little current coupon paper.

The strong rally in recent months means that most sterling bonds are trading at a substantial premium to their par value, which makes them illiquid.

The deal was priced to yield 17 basis points above the seven-year gilt, which appears relatively aggressive compared with outstanding seven-year paper, but proved attractive given the lack of paper trading around par value. In fact, some dealers said the issue could have been priced more aggressively, by several basis points.

"The deal went very smoothly: it could have been twice the size," said one trader.

INTERNATIONAL BONDS

According to S. G. Warburg, the bonds were placed mainly in Europe, rather than east Asia. Japan Finance Corporation for Municipal Enterprises' smaller DM150m deal, which was also priced to yield 17 basis points over the comparable government benchmark, attracted mainly German domestic interest.

In the French bond market, Alcatel launched a rare FFr2bn corporate bond issue in a sector which does not always favour names from outside the state sector.

However, in this case, the second best-rated private sector French company provided a welcome change from government-backed names, and some extra margin, at a yield spread 40 basis points over the comparable French government bond.

● Volkswagen, the German car company, has been placed on Creditwatch with negative implications by Standard & Poor's, the US rating agency. VW has $577m of AA minus-rated long-term debt.

Standard & Poor's said that Volkswagen's financial performance has improved more slowly than anticipated as a result of difficult conditions in the European car market, an uncompetitive cost structure and problems at the Seat subsidiary.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees %	Spread bp	Book runner
US DOLLARS							
City of Stockholm‡	320	(a)	99.88R	Oct.1997	0.18R	-	Merrill Lynch Intl.
Katokichi Co.(b)◊	190	0.75	100	Oct.1997	2.25	-	Nomura International
Axa, Mexico	75	8.50#	99.72R	Oct.1998	1.00R	+375(Wl 5yr)	Swiss Bank Corp.
Bco.Crdt.Lyonnais Argentina(c)	70	7.50#	100R	Oct.1996	1.125R	+345 (c)	Crdt.Lyonnais Euro-Secs.
D-MARKS							
Japan Fin.Corp.for Muni.Ent.	150	6.125	99.10R	Oct.2003	0.325R	+17 (6¼%-03)	Bank of Tokyo (Deutsch.)
Hamburgische Landesbank(d)	100	6.25	101.75	Oct.2003	2.5	-	Trinkaus & Burkhardt
STERLING							
Japan Development Bank	200	7	99.69R	Oct.2000	0.30R	+17 (9%-00)	JP Morgan/ SG Warburg
FRENCH FRANCS							
Alcatel Alsthom	2bn	6.375	99.10R	Oct.2003	0.375R	+40 (6¾%-03)	CCF
YEN							
Itochu Finance (Europe)(e)	5bn	3.40	100.25R	Jan.1997	0.25R	-	Sakura Finance Intl.
CANADIAN DOLLARS							
Prudential Funding Corp.‡	150	(f)	99.80R	Oct.2003	0.50R	-	Deutsche Bank London
Bayerische Hypobank‡	100	(g)	99.875R	Oct.2003	0.50R	-	Merrill Lynch Intl.
GUILDERS							
Oesterreichische Postsparkasse	500	6.125	99.80R	Oct.2003	0.25R	+20.7(6¾-03)	ABN Amro Bank
SWISS FRANCS							
Toshoku(h)★§	400	0.125#	100	Oct.1997	-	-	Swiss Bank Corp.
City of Linz	150	4.50	102.375	Oct.2005	-	-	Centralbank of Zurich
BIL Finance Cayman(i)	100	4.50	100.375	Nov.1999	-	-	Cantonalbank of Zurich
Aichi Tokei Denki Co.(j)★◊	60	0.50	100	Oct.1997	-	-	Bank von Ernst & Cie.

Final terms and non-callable unless stated. The yield spread (over relevant government bond) at launch is supplied by the lead manager. ★Private placement. §Convertible. ◊With equity warrants. ‡Floating rate note. #Semi-annual coupon. R: fixed re-offer price; fees are shown at the re-offer level. a) Coupon pays 3-month Libor flat. b) Fixing: 29/9/93. c) Amortising bond: 4 equal instalments paid semi-annually from 18/4/95. Average life: 2¼ years. Spread is over 2¼ year interpolated treasuries. d) Issue launched on 20/9/93 was increased to DM250. Convertible into FRN on 21/10/96 or 21/10/97 with coupon of 6-month Libor + 0.05% and 21/10/2003 maturity. e) Short 1st coupon. f) Coupon pays 3-month BA's - 0.3%; minimum 6%, maximum 9¼%. g) Coupon pays 3-month BA's - 0.3%; minimum 6½%, maximum 9%. h) Long 1st coupon. Callable on 31/10/95 at 102% declining by ½% semi-annually. Callable on 31/10/94, subject to 130% parity rule, at 101½% declining by ¼% semi-annually. Conversion price adjustment clause effective Oct.95. i) Guarantor: Bank in Liechtenstein. j) Fixing: 27/9/93.

Power group optimistic on financing

By Robert Gibbens in Montreal

HYDRO-QUEBEC'S hectic financing activity should ease in 1994 as the interest rate curve flattens, said Mr Daniel Leclair, vice-president financing and treasurer.

Hydro-Quebec, one of Canada's two biggest power utilities, estimates its 1993 financing operations in domestic and global markets at about C$4.9bn, including C$2.4bn for borrowing needs and C$2.5bn of refinancing and redemptions to take advantage of declining rates.

In 1994, it expects total financing of between C$4bn and C$4.5bn, including C$3bn for fresh needs. It has reduced its average interest cost from 11 per cent in 1988 to 9.4 per cent in 1993, and expects a further reduction next year. The 1994 programme will again be mainly in Canadian dollar and Euro-Canadian markets, and US dollars.

Hong Kong warrants from SocGen

By Tracy Corrigan

SOCIETE Générale, the French banking group, has launched an issue of warrants on Hong Kong's Hang Seng stock index, the result of co-operation between Société Générale Equities & Derivatives and Crosby Securities, the Hong Kong-based stockbroking group in which the Société Générale group has a 49 per cent stake.

The warrants are American-style, which means that they can be exercised at any time during their life. There are two tranches, expiring in 13 months and 19 months, both denominated in US dollars.

They include both put and call warrants, but Société Générale is bullish on the market and therefore recommends call warrants.

Crosby analysts are forecasting a rise of 27 per cent in the Hong Kong stock market in the next 12 months, second only to Malaysia in the region.

MARKET STATISTICS

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 0.55 pm on September 21

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
Abbey Natl Treasury 6½ 03	1000	103	103¼	-⅛	6.07
Alberta Province 9⅜ 95	600	109⅝	110¼		4.34
Austria 8½ 00	400	116⅝	116⅞	-⅛	5.38
[illegible]					

OTHER STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
Arbed 7½ 95 LFr	600	98⅝	100⅜	+⅛	7.88
Cerdinance Lux 9¼ 99 LFr	1000	107¼	110½		7.47
World Bank 8 98 LFr	1000	101	102		7.59
[illegible]					

Further sections (DEUTSCHE MARK STRAIGHTS, SWISS FRANC STRAIGHTS, YEN STRAIGHTS, FLOATING RATE NOTES, CONVERTIBLE BONDS): [illegible]

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day. FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread=Margin above six-month offered rate. C.cpn=The current coupon. CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	2	62	14
Other Fixed Interest	0	3	12
Commercial, Industrial	221	281	896
Financial & Property	93	150	576
Oil & Gas	16	23	43
Plantations	0	1	7
Mines	18	43	74
Others	19	64	39
Totals	378	687	1,665

LONDON RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

RIGHTS OFFERS

Issue price p	Amount paid up	Latest Renun. Date	1993 High	1993 Low	Stock	Closing Price p	+or-
17	[illegible]	30/9	1½pm	1pm	3-Wrighton	1pm	
21	[illegible]	22/9	19pm	11pm	Adam	19pm	
1280	[illegible]	20/10	31pm	27pm	CRH	27pm	
490	[illegible]	01/10	60pm	52pm	Cadbury Schweppes	57½pm	-1
235	[illegible]	29/10	59pm	51pm	Dawhe	59pm	+1
130	[illegible]	25/10	19pm	8pm	Rolls Royce	11pm	-½
18	[illegible]	12/10	3pm	1pm	Unicorn	1pm	

Price at a premium. For other recent issues please refer to the Guide to the London Share Service.

TRADITIONAL OPTIONS

● First Dealings Sept. 13
● Last Dealings Sept. 24
● Last Declarations Dec. 9
● For settlement Dec. 20

3-month call rate indications are shown in Saturday editions.

Calls: Anglo Pacific, BM Group, Clarkson, Enterprise Comp., Medeva and Pacer Systems. Puts & Calls: BM Group, Burton, LIG, Monument Oil and Tullow Oil.

FT-SE ACTUARIES INDICES

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LIFFE EQUITY OPTIONS

Option		Calls Oct	Calls Jan	Calls Apr	Puts Oct	Puts Jan	Puts Apr
Allied-Lyons	550	39	49	60	5	15½	21
(*580)	600	11	22	33	29½	41	49½
[illegible]							

Option		Calls Nov	Calls Feb	Calls May	Puts Nov	Puts Feb	Puts May
Brit Aero	390	44	62	70	15	29	38
(*414)	420	28½	47	55½	29	44	52
[illegible]							

Option		Calls Nov	Calls Feb	Calls May	Puts Nov	Puts Feb	Puts May
BAT Inds	450	28½	38	-	10½	16½	-
(*462)	475	13½	25½	-	23	29	-
[illegible]							

Option		Calls Dec	Calls Mar	Calls Jun	Puts Dec	Puts Mar	Puts Jun
Lonrho	120	11	16½	17½	8½	13	16
(*120)	130	7	11	13½	15	19	21
[illegible]							

Remaining option series, EURO FT-SE INDEX and FT-SE INDEX options: [illegible]

FT-ACTUARIES FIXED INTEREST INDICES

PRICE INDICES

		Tue Sep 21	Day's change %	Mon Sep 20	Accrued interest	xd adj. 1993 to date
	British Government					
1	Up to 5 years (24)	128.47	+0.01	128.46	2.05	8.25
2	5-15 years (23)	154.13	-0.10	154.28	1.55	10.12
3	Over 15 years (9)	173.41	-0.28	173.89	3.92	9.70
4	Irredeemables (6)	203.87	-0.56	205.01	3.06	8.83
5	All stocks (62)	150.01	-0.11	150.17	1.63	9.58
	Index-Linked					
6	Up to 5 years (2)	186.53	-0.03	186.58	-0.12	4.26
7	Over 5 years (11)	182.93	-0.18	183.25	0.65	3.89
8	All stocks (13)	182.41	-0.16	182.70	0.57	3.92
9	Debs & Loans (66)	142.29	-0.41	142.87	2.18	8.23

AVERAGE GROSS REDEMPTION YIELDS

[illegible]

Warning that the climb out of recession will be long and slow

Personnel helps Hays rise 20%

By Andrew Bolger

HAYS, the business services group, reported a 20 per cent increase in annual profits, but warned that "the climb out of recession looks as if it will be long and slow."

Mr Ronnie Frost, executive chairman, said many Hays businesses had seen trading conditions improve over the last few months, but the experience had not been universal.

He added: "The recent turmoil within the ERM and the consequential effective devaluation of a number of European currencies, will make it harder for the UK to continue its improving economic performance."

Pre-tax profits rose from £55.6m to £66.6m in the year to June 30, on sales which grew from £380m to £477m.

Hays said both its distribution and commercial businesses had continued their steady growth. The personnel division increased profits by 40 per cent, as activity in the recruitment market increased during the second half, especially for temporary placements of accountancy and technical staff.

Although personnel operating profits jumped from £4.8m to £6.7m, they still only accounted for 10 per cent of the total.

Distribution increased operating profits by 13 per cent to £38m.

Profits from Hays Network Distribution, which provides multi-user warehousing mainly for the drinks industry, were well down. The group said management had been changed and the business had been set on the road to recovery.

Hays Chemical Distribution's profits were flat, with a drop in margins from bulk chemicals being offset by growth in packaged products.

Hays Fril, the French distribution company which the group bought for £37.5m in June last year, performed ahead of expectations. Together with Mordhorst, the German distributor, of which Hays bought control for an initial £32m in July, Mr Frost said he now had the basis of a pan-European distribution business.

Profits from the commercial, or office support, businesses rose by 16 per cent to £24.2m. Britdoc, which send letters and documents, won many new customers, including four clearing banks.

Earnings per share rose by 15 per cent to 11.5p (10p). The interim dividend was increased by 15 per cent from 4.6p to 5.3p.

● COMMENT

Hays shares rose 5p to 255p on the strength of these figures, which were at the top end of the analysts' range. Mr Frost remains as ebullient as ever about the medium to long-term growth outlook but clearly does not want to inflate expectations. The group had problems in bulk chemicals, but has moved swiftly to sort out the network distribution to bonded warehouses. The personnel business is at last benefiting from recovery and Britdoc continues to shine on the commercial side. Forecasts of £84m put the shares on a prospective multiple of 18.2. That 20 per cent premium to the market does not look unjustified for a company which should be able to grow earnings by more than 20 per cent, and claims to have management capable of doubling the size of the business.

CrestaCare hit by property losses

By Maggie Urry

CRESTACARE, the nursing home operator which appointed a new chief executive in March and raised £31.6m through a placing in July, reported a pre-tax loss of £1.39m in the half year to June 30, compared with a profit of £60,000.

However, Mr Andrew Taee, the chief executive, said that operating profits from the nursing home business had risen 39 per cent to £2.51m (£1.8m) on turnover up 26 per cent at £10.4m. The interim dividend is raised from 0.1p to 0.25p. The shares fell 5p to 37p.

The losses were caused by non-recurring debits of £2.67m, including £2.29m of losses, realised or anticipated, on sales of non-core properties. These were valued at £9.43m in the end 1992 balance sheet. Most have been sold or were under contract for sale, and CrestaCare expected to find buyers for the remaining £500,000-worth over the next year.

The remaining £380,000 largely related to compensation for Mr John McAllister, the former chief executive, who had been on a three year rolling contract at £100,000 a year. Mr Brian O'Connor, who resigned as chairman in July, did not receive any compensation. Mr Taee has a three year fixed term contract at £150,000 a year.

By the end of the half year the group operated 1,625 beds (1,425) in 26 homes, with 20 owned by CrestaCare. With the placing proceeds, it bought eight homes with 515 beds for £14.1m. These are expected to be re-registered by October 1 making a contribution in the final quarter. After that acquisition net debt was £5m, for gearing of 8 per cent.

Mr Graeme Hart, chairman, said the homes' occupancy rate was more than 92 per cent after a slowing of referrals when the new community care legislation came into force in April. This was lower than the group had planned. He said there was pressure on weekly fee rates and CrestaCare expected "no overall increase for the next 18 months".

Group turnover was £15.2m (£15.9m) and interest charges took £1.23m (£1.66m). There was a loss per share of 2p (nil).

See People

Bodycote bolstered by metal division

By Maggie Urry

BETTER RESULTS from Bodycote International's metal technology division offset a downturn in its two other areas – workwear and industrial – leaving group pre-tax profits 1.8 per cent ahead at £6.52m in the first half of 1993. The shares fell 6p to 304p.

Mr Joe Dwek, chairman, reported an encouraging outlook for the metal technology activities, now 74 per cent of group profits, and signs of recovery in its UK-based industrial activities. However, EHCO-KLM, which sells workwear and protective clothing mainly in Germany and Holland, was hit by the worsening recession there. Mr Dwek said it was cutting costs and attmepting to increase market share.

The interim dividend is up from 1.875p to 2p, and earnings per share rose 5.6 per cent to 7.68p (7.27p) helped by a lower tax rate.

Group sales were 1 per cent higher at £37.7m, and interest chagres took £142,000 (£102,000). Sales by the metal technology division rose 20.4 per cent to £21.2m, helped by the purchase of Industrial Materials Technology in March 1992. Pre-tax profits from the division, before central costs, rose 19.5 per cent to £5.15m.

Ehco-KLM's profits fell 37.7 per cent to £629,000 on sales 10.1 per cent lower at £12.7m, and the industrial division made profits of £1.15m, down 20.7 per cent on sales 32 per cent down at £3.77m.

Net current assets at June 30 showed a rise from £24.18m to £27.6m. Cash at hand and in the bank rose from £14.78m to £17.3m, while stocks increased from £11.22m to £12.27m over the 12 months.

JIB calls for £19.9m to fund expansion

By David Blackwell

JIB GROUP, the international insurance broker ultimately owned by Jardine Matheson, yesterday announced a rights issue and the planned acquisition of Nicolls Pointing, a London based wholesale and reinsurance group.

It is raising £19.9m net by offering 13.8m shares at 150p apiece on a 1-for-8 basis. Yesterday the shares fell 7p to 169p.

Jardine Matheson, whose subsidiaries own 62.5 per cent of JIB, is committed to subscribe for its entitlement of 8.64m shares. The remainder will be underwritten by Robert Fleming and brokers are Cazenove.

Consideration for Nicolls Pointing, which specialises in the energy and marine insurance sectors and in reinsurance business, is an initial £15.5m, comprising £6.75m cash, 2.58m ordinary shares valued at £4.4m, and £4.4m of convertible loan notes.

A further consideration of up to £3.2m will be paid in shares and loan notes if Nicolls Pointing's profits after tax exceed £1.65m for 1993 up to a level of £2m. Last year Nicolls Pointing reported pre-tax profits of £1.99m on turnover of £5.7m.

Mr Nick Cosh, JIB finance director, said the acquisition, the biggest since the group floated in November 1991, would significantly increase its presence in the wholesale market. He predicted further efficiencies, leading to enhanced earnings for JIB.

The rights issue will finance the cash element of the proposed acquisition. It will also be used to refinance several smaller acquisitions made in the last two years at a total cost of £15m, of which £4m was deferred.

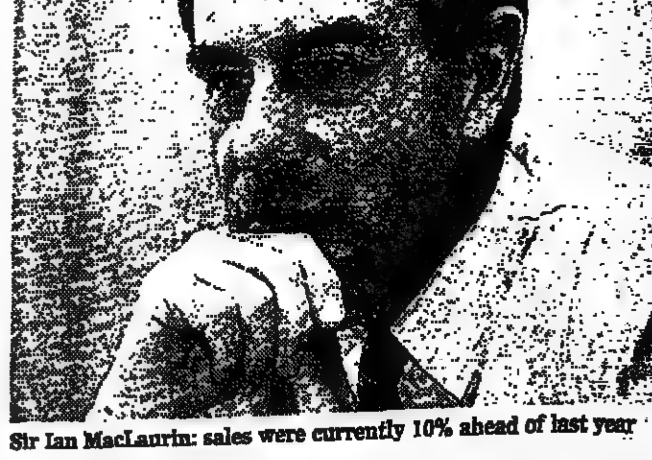
Dawson cuts jobs in Scotland

Dawson International, the textile group which manufactures in the UK and the US, is to cut jobs in Scotland and close a plant in Philadelphia in the US. The cuts will cost £2.5m and are aimed at reducing the group's cost base in the face of weak trading conditions.

Jobs are to go at plants in Hawick and Kinross in Scotland.

Tesco disappoints with modest 3.4% interim rise

By Neil Buckley


Sir Ian MacLaurin: sales were currently 10% ahead of last year

TESCO made waves in the retail industry yesterday with its comments on pricing and the threat from discounters, but disappointed the markets with an increase in pre-tax profits of only 3.4 per cent.

Interim profits for the 24 weeks to August 14 were £261.5m (£252.8m). That included a £3.7m loss on the sale of properties but was well below analysts' forecasts of between £268m and £275m. Total sales increased 9.5 per cent to £3.99bn. The shares fell 4p to 211p yesterday.

Tesco said its gross margin had declined by about 0.1 percentage points during the period, and was currently about 0.2 points down on last year - the first decline for about eight years. The operating margin was unchanged at 6.9 per cent.

Sir Ian MacLaurin, chairman, said Tesco's decision to sharpen prices was bearing fruit in terms of increased sales, and the seven new stores opened in the first half were among the most successful the company had opened. They were already outperforming the Tesco average of weekly sales of £16 per square foot, and contributed 8.4 percentage points of the overall sales increase.

Like-for-like sales, which exclude the contribution from new stores, increased 2.1 per cent. Although all of the increase was accounted for by inflation, that represents an improvement on last year, when like-for-like sales fell 0.9 per cent after inflation.

Sir Ian said sales were currently 10 per cent ahead of last year. Like-for-like sales were up 3 per cent, with inflation about 2 per cent.

Mr David Reid, finance director, refused to speculate on future margin movements but said Tesco's commitment to competing on price did not necessarily mean lower operating margins. There was still considerable scope for cutting operating costs through sales-based ordering and better stock control.

Tesco also said it was reducing the average cost of new stores from about £22m to about £16m, which means it does not need to achieve such high operating margins in order to maintain its current return on capital. It plans to open about 25 stores a year, including large superstores, compact superstores in smaller towns, and the Tesco Metro high-street format.

Capital expenditure this year will be about £725m, of which £550m relates to new stores.

Earnings per share rose 4.6 per cent to 9.45p, and the interim dividend was 2.45p (2.25p).

Tesco said Catteau, the French retail chain it acquired in May, had increased sales by 7 per cent so far this year, in spite of the difficult French economic climate.

Brixton Estate turns in 3.3% advance to £13m

By Vanessa Houlder, Property Correspondent

BRIXTON ESTATE, the UK's seventh largest property company, yesterday announced a 3.3 per cent rise in pre-tax profits from £12.6m to £13m for the six months ended June 30.

Mr Douglas Gardiner, chairman, said there had been a marked increase in activity in the property investment market over the past few months.

Brixton said that there had been an increased number of tenant inquiries, which was likely to lead to a resumption of rental growth in the second half of 1994.

Rental income increased by 13.8 per cent to £28.4m. Interest charges rose from £11m to £13.9m, as the development programme was completed.

In May, the company announced a 2-for-5 rights issue to raise £100.7m. Brixton has since spent £17m on London property. It intends to invest the full proceeds of the rights issue on industrial buildings and multi-let offices in the next year.

Brixton said it had completed rent reviews on more than 900,000 sq ft of UK property, with average rent increases of over 14 per cent. About 7.5 per cent of its UK offices are empty.

Overseas, Brixton expects rental income from its 650,000 sq ft of industrial and warehouse space in Dusseldorf to increase during the year.

Earnings per share rose by 6.2 per cent to 5.99p (5.64p). The interim dividend is increased by 2.4 per cent to 2.825p (2.76p) per share.

Celltech forges link with Roche

By Richard Gourlay

Celltech Group, a Berkshire-based biotechnology company planning to seek a listing in the next six months, has signed a manufacturing agreement with Hoffmann-La Roche of the US, part of Roche, the Swiss pharmaceuticals company.

Celltech's will make a monoclonal antibody in the UK for Roche's US subsidiary and transfer technology to Roche for a second generation manufacturing process.

In return it will receive revenues of about £30m over four years.

Roche is also planning to invest £5m in Celltech through the purchase of convertible preference shares.

Mr Peter Fellner, Celltech's chief executive, said the investment and contracts provided a valuable endorsement.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Bodycote	int	2	Dec 31	1.875*	-	5*
Brake Bros	int	2	Dec 31	1.85	-	6.2
Brixton Estate	int	2.825†	Nov 15	2.76	-	8.35
BSG	int	0.7†	Dec 31	0.7	-	3.2
CI Group	int	0.4	Jan 3	0.825	-	1
CrestaCare	int	0.25	Nov 1	0.1	-	0.5
Frogmore Ests	fin	12.4†	Nov 11	11.6	16	15
Glasgow Income	int	0.6‡‡	Nov 30	0.6	-	3.2
Hays	fin	3.6	-	3.1	5.3	4.6
Henderson Highld	int	1.4	Nov 8	1.4	-	5.6
Korea-Europe Fnd	fin	1.5‡	Nov 18	0.6	1.5	0.6
Mayborn	int	1.8	Nov 5	1.8	-	5
MTL Instruments§	int	1.7	Oct 26	1.6	-	3.6
Mucklow (A&J)	fin	3.14	Jan 4	3.103	6.103	5.925
Southern News	fin	8.8	Nov 11	8.25	11.8	11.26
Tarmac	int	3	Dec 20	3	-	5.5
Tesco	int	2.45	Nov 29	2.25	-	7.1
Wols'holme Rink	int	6.8†	Nov 12	6.5	-	17
Yule Catto	int	2.6	Nov 18	2.5	-	5.9

Dividends shown pence per share net except where otherwise stated. †On increased capital. §USM stock. ‡‡Third interim, making 1.8p (same) to date. ‡US cents.

Philip Harris warning

SHARES IN Philip Harris dived 50p to 154p as the pharmaceutical and scientific equipment supplier warned that profits in the current year would be unlikely to match last time's and that, in particular, this would be reflected in the results for the first six months to September 30.

The company said that shareholders had been "cautioned" by the board at the time of the preliminary results and the subsequent annual meeting.

Exports, which last year accounted for 30 per cent of the education and scientific side, were running more than 50 per cent below 1992 levels because of deepening recession in continental Europe, the main export market. Expected substantial orders had been cancelled and no significant overseas contracts had been secured.

In the UK, recession had hit the market for sales of scientific equipment, especially that of a capital nature, to industrial customers.

The cost base in the education and scientific division had been reduced, with a redundancy programme for 9 per cent of the workforce here being implemented. This cost will hit the first half with the benefit being felt in the second.

COMPANY NEWS: UK

Mucklow record ends with 11% fall

By David Blackwell

A RECORD of 24 years of unbroken profit growth has ended at A&J Mucklow Group, the West Midlands based property investor and developer, as it finally succumbed to recessionary pressures.

The group reported pre-tax profits down 11 per cent from £10.9m to £9.67m for the year ended June 30. Earnings per share slipped to 6.42p (7.72p) while the dividend is stepped up to 6.103p (5.925p) with a final of 3.14p.

Net asset value per ordinary share had fallen from 155p to 144p by the end of the period.

Mr Albert Mucklow, chairman, said that in spite of continued expansion, the group's investment portfolio "could not escape the fall in property values generally throughout the UK."

The level of new lettings had failed to counteract the effect of tenant failures and non-renewal of leases. The group's vacant space increased from 1.16m sq ft to 1.32m sq ft during the year.

However, there was "considerable evidence" that the worst of the recession was now past, and he expected the vacancy level to start falling.

A professional review had given the industrial and commercial property portfolio a value of £206.8m, which involved a reduction in the revaluation reserve of £11.1m. These figures have been incorporated in the accounts.

A review of the group's other property, including its residential land bank, gave rise to a surplus of £8.51m above book value, which has not been incorporated in the accounts.

Rental income and turnover from continuing operations rose from £18.6m to £20.1m, giving an operating profit of £15.4m (£14.6m). Also there was £89,000 (£62,000) made from the disposal of properties.

Net interest paid rose from £3.74m to £5.8m.

Southern Newspapers ahead at £7.5m

BOOSTED BY a disposal surplus and lower interest charges, Southern Newspapers, the regional newspaper group, lifted pre-tax profits to £7.51m for the 53 weeks ended July 3 1993, against £7m for the previous year.

In line with the continuing difficult trading conditions on the south coast, advertisement revenue fell by over 2 per cent, but this was offset by gains in contract printing revenue and newspaper sales revenue to give an overall lift in turnover from £69.55m to £71m.

Earnings per share were higher at 22.73p (17.75p) and the total dividend is stepped up to 11.8p (11.25p) with a final payment of 8.8p (8.25p).

Operating profits were lower at £6.8m (£7.23m) but a £693,000 (£168,000) surplus on the disposal of investments and lower interest charges of £143,000 (£580,000), left the pre-tax figure ahead of the previous year.

Mr John Salkeld, chairman, stated that since the year end there had been an improvement in trading levels of both the newspaper and contract printing divisions which, with firm cost control, "augurs well for the future."

Sufficient resources to benefit from position of low gearing

Frogmore rises 10% to £10.7m

By David Blackwell

FROGMORE ESTATES, the property company which raised £42m through a rights issue last month, boosted pre-tax profits for the year ended June 30 by 10 per cent to £10.7m.

Earnings per share increased by 25 per cent to 21.8p (17.4p), helped by the company's buy-back of 5.2m shares from Markheath, another property company, for £13.1m in November 1992. Net assets were 409p a share (411p).

Mr Phillip Davies, managing director, said yesterday that the company was well pleased with the results: "Against the backcloth of a really difficult year we have held our net asset value and improved both the profits and the dividend. We have put the company in a position of low gearing, with sufficient resources to benefit from this point in the property cycle."

Operating profits rose from £12m to £15.6m on turnover ahead at £46.3m (£41.6m).

The latest operating figure includes a charge of £1.52m for litigation costs arising from a dispute over the acquisition of Land Investors by BCPH in 1986. No further costs are expected.

Most of the gain at the operating level came from higher rental income. The company said the contracted rent roll was up 6 per cent to £19.3m (£18.2m). It had no developments in progress or vacant buildings of any significance.

Shares of profits from associates were £157,000 compared with a previous loss of £518,000.

Net interest payable rose from £1.75m to £5.1m. Mr Davies said this reflected increase in borrowings following the share buy-back and the purchase of new properties.

Net borrowings were £66m (£46m) at the year-end, giving gearing of 43 per cent (28 per cent). However, borrowings had fallen since the rights issue, although the group has spent £21m on acquisitions, Mr Davies said.

A final dividend of 12.4p (11.6p) is proposed, giving a total for the year of 16p (15p).

CI makes £0.91m in difficult trading

CI GROUP, the steel and engineering combine, reported a pre-tax profit of £905,000 for the six months ended July 31 1993, compared with £860,000 adjusting for FRS3.

Mr Patrick McTighe, chairman, said overall sales were held at £35.3m but at the expense of margins. Operating profit fell from £2.19m to £1.35m but was maintained at a similar level to the second half of last year.

Interest payable dropped 24 per cent to £375,000. Exceptional items of £66,000 (£101,000) were charged and the previous half year suffered a £558,000 loss on sale of discontinued operations.

The chairman said the outlook for those sectors which affected group business was "still far from clear" and progress for the rest of the year was likely to remain constrained.

Given current trading conditions it could well be the latter part of the financial year, at the earliest, before "we see the benefit of any recovery," he added.

Earnings per share for the half year came to 0.69p (same). The interim dividend is 0.4p (0.825p).

Expansion costs hold back Brake

By Catherine Milton

THE COSTS of starting one business and expanding another held back operating margins at Brake Brothers, the supplier of frozen and chilled foods to the catering trade. As a result interim pre-tax profit was slightly ahead from £7.12m to £7.14m.

"Although the UK catering market remains dull, we expect growth in sales and are poised to take advantage of any recovery," said Mr William Brake, chairman. The company planned to continue expansion and had "opportunities under review".

Margins at the operating level fell from 6.1 per cent to 4.8 per cent in the six months to June 30 1993.

Operating profits of £7.78m (£7.68m) had lagged a partly organic improvement in sales to £160.5m (£126.4m), because of the costs of a continuing investment in a new chilled fine foods business. The costs contributed towards a half year loss of £1.1m which had been absorbed within the operating profits of the UK Foodservice division.

The French food distribution businesses, which contributed sales of £17.2m (£2m) lifted by two acquisitions for £3m cash, were "only at break even" at the operating level, as expected.

Also, in an unusual move, the company had depreciated freehold properties by £250,000, the first time it had booked such a charge.

Country Choice Foods, a frozen products supplier to the independent bakery market, acquired for shares in May at a price of between £10m and £14m depending on profitability, contributed a maiden £3.85m to turnover. Brake was "pleased" with its progress.

Excluding acquisitions, capital expenditure totalled £7m, including £3m on additions and replacements to the motor fleet, £700,000 on completion of a new Aberdeen satellite depot, and £500,000 to cover premises in Birmingham for new chilled fine foods service.

Interest charges rose to £644,000 (£563,000). The balance sheet "continued to be strong".

From earnings per share of 10p (10.3p) the interim dividend is raised to 2p (1.85p).

M&S Unit Trust replaces manager

By Norma Cohen

MARKS and Spencer Unit Trust Management, the unit trust arm of the clothing retailer, said it has replaced one of its three quantitative fund management companies with a manager offering a traditional stock selection approach.

Some leading pension fund consultants have recently been urging clients to consider selecting managers with contrasting styles to avoid a concentration of investment in a single type of stock or sector.

Mr Robert Colville, managing director of M&S Unit Trust Management Ltd, said the shift occurred in the company's UK Selection Portfolio with £220m in assets which invests exclusively in UK equities.

Edinburgh-based Baillie Gifford has replaced Delaware International Advisers as investment managers of 30 per cent of the assets effective October 1. The two other managers are BZW Investment Management – which uses quantitive techniques to invest in a portfolio of stocks that matches the FT-A All Share Index – and GMO Woolley – which uses quantitative techniques to pick so-called value stocks. Delaware had been using quantitative techniques to develop so-called dividend discount models.

"We are conscious of too great a similarity in the management styles of Delaware and the other two investment managers", Mr Colville said.

While performance of all three managers has been very good over the past 18 months, a recent analysis of equities in all three portfolios showed a heavy concentration in what are regarded as cyclical stocks, an exposure which he believes is unlikely to offer the best returns in the future.

NEWS DIGEST

Wolstenholme Rink shows 20% advance

WOLSTENHOLME RINK, Lancashire-based printing industry supplier, announced pre-tax profits 20 per cent ahead from £1.68m to £2.02m for the first half of 1993, on turnover of £26.6m, against £24.7m.

The result, which followed a 49 per cent jump in profit to £3.46m for 1992, reflected a recovery at Charles Openshaw following a reorganisation, and a cut in interest costs from £401,000 to £215,000.

Following the period end the company acquired the resins and varnish business of Leon Frenkel. It will make a contribution in the last five months of the present year.

Earnings per share were 16.8p (14p) and the interim dividend is raised from 6.5p to 6.8p.

The second interim dividend is held at 1.4p for an unchanged total to date of 2.8p. The two remaining interims were expected to be maintained at 1.4p each.

Korea-Europe Fund net assets ahead

Korea-Europe Fund raised net asset value by 14.3 per cent to $5.51 per share at the end of June, 1993, against $4.82 a year earlier.

This compared to a 33.7 per cent increase in US dollar terms in the KSE Composite Stock Price Index. The trust said the underperformance was largely because of the overweighting in smaller companies which had been responsible for a significant outperformance over the same period last year.

Net available revenue for the year was £923,000 (£602,000). Earnings per share came to 3.22 cents (2.1 cents) and the dividend has been stepped up from 0.6 cents to 1.5 cents.

Henderson Highland asset value grows

Over the six months ended August 31 1993 net asset value of ordinary shares in Henderson Highland Trust rose from 108.1p to 121.1p, and for warrants the value was up from 8.1p to 21.1p.

At August 31 1992 value of the ordinary was 85.1p.

In the latest half year total revenue was £1.23m (£1.08m) and earnings per share worked through at 3.1p (2.65p).

City of Oxford Tst proposes extension

City of Oxford Investment Trust is proposing to extend its life beyond its present winding up date of September 29 1995 to September 29 1999.

As part of the proposals the redemption value of the zero dividend preference shares is being altered to 160.78p in 1999 against the present 110.4p for 1995, increasing the gross yield from 8.06 per cent to 9.31 per cent.

The terms of the warrants are being revised to enable them to be exercised to 1999 instead of the existing 1995. The subscription price remains the same at 36p.

Cadbury gets sweet in Argentina

Cadbury Schweppes has taken a foothold in the South American confectionery market with the purchase of 80 per cent of Productos Stani, based in Buenos Aires, Argentina.

Founded in 1912, privately-owned Stani is stated to be that country's leading branded sugar confectionery maker and had sales of US$83m (£55m) for the year ended September 1992 with net tangible assets at that date of $25m.

The South American confectionery market is estimated at about 700,000 tonnes with Argentina producing 130,000.

The consideration has not been disclosed.

Chillington to sell Anglo-Eastern stake

Chillington Corporation, the conglomerate with interests in property, plantations and engineering, is selling most of its holding in Anglo-Eastern Plantations to Genton International of Hong Kong for £8.57m.

Following the deal Genton will make a full offer for the rest of Anglo-Eastern at 68p a share, the price paid for the 12.6m shares (48.08 per cent) from Chillington.

Chillington will be left with 291,232 shares, 257,800 warrants and unsecured loan stock in Anglo-Eastern.

INFORMATION FROM THE BANK OF ENGLAND

ISSUE OF £3,250,000,000

6¾% TREASURY STOCK 2004

INTEREST PAYABLE HALF-YEARLY ON 26 MAY AND 26 NOVEMBER
FOR AUCTION ON A BID PRICE BASIS ON 29 SEPTEMBER 1993

PAYABLE AS FOLLOWS:	Payment on application:	with a competitive bid	Price bid less £50 per £100 nominal of Stock
		with a non-competitive bid	£50 per £100 nominal of Stock
	Balance of purchase money:	£50 per £100 nominal of Stock payable on 15 November 1993	

This Stock will, on issue, be an investment falling within Part II of the First Schedule to the Trustee Investments Act 1961. Application has been made to the London Stock Exchange for the Stock to be admitted to the Official List on 30 September 1993.

1. THE GOVERNOR AND COMPANY OF THE BANK OF ENGLAND invite bids for the above Stock.

2. The principal of and interest on the Stock will be a charge on the National Loans Fund, with recourse to the Consolidated Fund of the United Kingdom.

3. The Stock will be repaid at par on 26 November 2004.

4. The Stock will be registered at the Bank of England or at the Bank of Ireland, Belfast, and will be transferable, in multiples of one penny, by instrument in writing in accordance with the Stock Transfer Act 1963. Stock registered at the Bank of England held for the account of members of the Central Gilts Office (CGO) Service will also be transferable, in multiples of one penny, by exempt transfer in accordance with the Stock Transfer Act 1982 and the relevant subordinate legislation. Transfers will be free of stamp duty.

5. Interest will be payable half-yearly on 26 May and 26 November. Income tax will be deducted from payments of more than £5 per annum. Interest warrants will be transmitted by post. Interest will accrue from Thursday, 30 September 1993 and the first interest payment will be made on 26 May 1994 at the rate of £3.9761 per £100 of the Stock.

6. The Stock may be held on the National Savings Stock Register.

7. The Stock and the interest payable thereon will be exempt from all United Kingdom taxation, present or future, so long as it is shown that the Stock is in the beneficial ownership of persons who are neither domiciled nor ordinarily resident in the United Kingdom of Great Britain and Northern Ireland.

8. Further, the interest payable on the Stock will be exempt from United Kingdom income tax, present or future, so long as it is shown that the Stock is in the beneficial ownership of persons who are not ordinarily resident in the United Kingdom of Great Britain and Northern Ireland.

9. For the purposes of the preceding paragraphs, persons are not ordinarily resident in the United Kingdom if they are regarded as not ordinarily resident for the purposes of United Kingdom income tax.

10. Applications for exemption from United Kingdom income tax should be made in such form as may be required by the Commissioners of Inland Revenue. The appropriate forms may be obtained from the Inspector of Foreign Dividends, Inland Revenue, Lynwood Road, Thames Ditton, Surrey, KT7 0DP.

11. These exemptions will not entitle a person to claim repayment of tax deducted from interest unless the claim to such repayment is made within the time limit provided for such claims under income tax law; under the provisions of the Taxes Management Act 1970, Section 43 (1), no such claim will be outside this time limit if it is made within six years from the date on which the interest is payable. In addition, these exemptions will not apply so as to exclude the interest from any computation for taxation purposes of the profits of any trade or business carried on in the United Kingdom. Moreover, the allowance of the exemptions is subject to the provisions of any law, present or future, of the United Kingdom directed to preventing avoidance of taxation by persons domiciled, resident or ordinarily resident in the United Kingdom, and, in particular, the interest will not be exempt from income tax where, under any such provision, it falls to be treated for the purpose of the Income Tax Acts as income of any person resident or ordinarily resident in the United Kingdom.

Method of Application

12. Bids may be made on either a competitive or a non-competitive basis, as set out below, and must be submitted on the application form published with the prospectus. Each application form must comprise either one competitive bid or one non-competitive bid. Gilt-edged market makers may make competitive bids by telephone to the Bank of England not later than 10.00 am on Wednesday, 29 September 1993.

13. Application forms must be sent to the Bank of England, New Issues, PO Box 444, Gloucester, GL1 1NP to arrive not later than 10.00 AM ON WEDNESDAY, 29 SEPTEMBER 1993; or lodged by hand at the Central Gilts Office, Bank of England, Bank Buildings, 19 Old Jewry, London not later than 10.00 AM ON WEDNESDAY, 29 SEPTEMBER 1993; or lodged by hand at any of the Branches or Agencies of the Bank of England not later than 3.30 PM ON TUESDAY, 28 SEPTEMBER 1993. Bids will not be revocable between 10.00 am on Wednesday, 29 September 1993 and 10.00 am on Monday, 4 October 1993.

14. COMPETITIVE BIDS

(i) Each competitive bid must be for one amount and at one price expressed as a multiple of 1/32nd of £1 and must be for a minimum of £500,000 nominal of Stock and for a multiple of Stock as follows:-

Amount of Stock applied for	*Multiple*
£500,000-£1,000,000	£100,000
£1,000,000 or greater	£1,000,000

(ii) Unless the applicant is a member of the CGO Service, a separate cheque representing the PAYMENT DUE ON APPLICATION, i.e. THE PRICE BID LESS £50 FOR EVERY £100 NOMINAL OF STOCK BID FOR, must accompany each competitive bid. Cheques must be drawn on a branch or office, situated within the Town Clearing area, of a settlement member of CHAPS and Town Clearing Company Limited.

(iii) The Bank of England reserve the right to reject any competitive bid or part of any competitive bid. Competitive bids will be ranked in descending order of price and Stock will be sold to applicants whose competitive bids are at or above the lowest price at which the Bank of England decide that any competitive bid should be accepted (the lowest accepted price). APPLICANTS WHOSE COMPETITIVE BIDS ARE ACCEPTED WILL PURCHASE STOCK AT THE PRICES WHICH THEY BID: competitive bids which are accepted and which are made at prices above the lowest accepted price will be satisfied in full; competitive bids which are accepted and which are made at the lowest accepted price may be satisfied in full or in part only.

15. NON-COMPETITIVE BIDS

(i) A non-competitive bid must be for not less than £1,000 nominal and not more than £500,000 nominal of Stock, and must be for a multiple of £1,000 nominal of Stock.

(ii) Only one non-competitive bid may be submitted for the benefit of any one person. Multiple applications or suspected multiple applications are liable to be rejected.

(iii) Unless the applicant is a member of the CGO Service, a separate cheque representing a PAYMENT AT THE RATE OF £50 FOR EVERY £100 NOMINAL OF STOCK APPLIED FOR must accompany each non-competitive bid; cheques must be drawn on a bank in, and be payable in, the United Kingdom, the Channel Islands or the Isle of Man.

(iv) The Bank of England reserve the right to reject any non-competitive bid. Non-competitive bids which are accepted will be accepted in full AT A PRICE (the non-competitive sale price) EQUAL TO THE AVERAGE OF THE PRICES AT WHICH COMPETITIVE BIDS HAVE BEEN ACCEPTED, the average being weighted by reference to the amount accepted at each price and ROUNDED DOWN TO THE NEAREST MULTIPLE OF 1/32ND OF £1.

(v) If the non-competitive sale price is less than £100 per £100 nominal of Stock, the amount by which the amount paid on application exceeds the non-competitive sale price less £50 per £100 nominal of Stock will be refunded by cheque despatched by post at the risk of the applicant.

(vi) If the non-competitive sale price is greater than £100 per £100 nominal of Stock, applicants whose non-competitive bids are accepted may be required to make a further payment equal to the non-competitive sale price less £100 for every £100 nominal of Stock allocated to them. An applicant from whom a further payment is required will be notified by letter by the Bank of England of the amount of Stock allocated to him and of the further payment due, but such notification will confer no right on the applicant to transfer the amount of Stock so allocated. The despatch of allotment letters to applicants from whom a further payment is required will be delayed until such further payment has been made.

16. The Bank of England may sell to applicants less than the full amount of the Stock.

17. The Stock will be initially issued to the Bank of England at a price such that it will not be a deep discount security for the purposes of Schedule 4 to the Income and Corporation Taxes Act 1988. Further issues of the Stock may be at a deep discount (broadly, a discount exceeding ½% per annum) and in certain circumstances this could result in all of the Stock being treated thereafter as a deep discount security. However, it is the intention of Her Majesty's Treasury that further issues of the Stock will be conducted so as to prevent any of such Stock being treated as a deep discount security for United Kingdom tax purposes. Provided the Stock is neither a deep discount security, nor treated as a deep discount security, any discount to the nominal value at which the Stock is issued will not represent taxable income for the purposes of the relevant provisions.

18. Letters of allotment in respect of the Stock sold, being the only form in which the Stock (other than amounts held in the CGO Service for the account of members) may be transferred prior to registration, will be despatched by post at the risk of the applicant, but the despatch of any letter of allotment, and any refund of the balance of the amount paid on application, may at the discretion of the Bank of England be withheld until the applicant's cheque has been paid. In the event of such withholding, the applicant will be notified by letter by the Bank of England of the acceptance of his application and of the amount of Stock allocated to him, subject in each case to the payment of his cheque, but such notification will confer no right on the applicant to transfer the Stock so allocated.

19. No sale will be made of a less amount than £1,000 nominal of Stock. If an application is satisfied in part only, the balance of the amount paid on application will, when refunded, be remitted by cheque despatched by post at the risk of the applicant; if an application is rejected the amount paid on application will be returned likewise.

20. Letters of allotment may be split into denominations of multiples of £100 on written request to the Bank of England, New Issues, Southgate House, Southgate Street, Gloucester, GL1 1UW received not later than 11 November 1993. Such requests must be signed and must be accompanied by the letters of allotment.

21. Subject to the provisions governing membership of the CGO Service, a member of that Service may, by completing Section C of the application form, request that any Stock sold to him be credited direct to his account in the CGO on Thursday, 30 September 1993 by means of a member-to-member delivery from an account in the name of the Governor and Company of the Bank of England, Number 2 Account. Failure to accept such delivery by the deadline for member-to-member deliveries under the rules of the CGO Service on 30 September 1993 shall for the purposes of this prospectus constitute default in due payment of the amount payable on application in respect of the relevant Stock. A member of the CGO Service may also, subject to the provisions governing membership of that Service, surrender a partly-paid letter of allotment to the CGO for cancellation and for the Stock comprised therein to be credited to the member's account. The member who is shown by the accounts of the CGO as being entitled to any Stock shall, to the exclusion of all persons previously entitled to such Stock and any person claiming any entitlement thereto, both be treated as entitled to such Stock as if that member were the holder of a letter of allotment and be liable for the payment of any amount due in respect of such Stock. A member will be entitled at any time prior to registration to withdraw, in multiples of £100, Stock credited to the member's account and to obtain a partly-paid letter of allotment comprising such Stock, and such member shall be liable for the payment of all amounts becoming due thereafter in respect of such Stock unless and until that letter of allotment is surrendered to the CGO for cancellation as aforesaid.

22. The Stock will be issued and sold partly-paid, with a final instalment of £50 per £100 nominal of Stock payable on 15 November 1993. Payment of the final instalment must be sent to the Bank of England, New Issues, Southgate House, Southgate Street, Gloucester, GL1 1UW. Payment in full may be made at any time after sale but no discount will be allowed on such payment. Interest may be charged on a day-to-day basis on any overdue amount which may be accepted at a rate equal to the London Inter-Bank Offered Rate for seven day deposits in sterling ("LIBOR") plus 1% per annum. Such rate will be determined by the Bank of England by reference to market quotations, on the due date for such payment, for LIBOR obtained from such source or sources as the Bank of England shall consider appropriate. Default in due payment of any amount in respect of the Stock will render such Stock and any amount previously paid liable to forfeiture. Letters of allotment must be surrendered for registration, accompanied by a completed registration form, when the balance of the purchase money is paid, unless payment in full has been made before the due date, in which case they must be surrendered for registration not later than 15 November 1993; in the case of Stock held for the account of members of the CGO Service payment of the final instalment and registration of Stock will be effected under separate arrangements.

23. Application forms and copies of this prospectus may be obtained by post from the Bank of England, New Issues, Southgate House, Southgate Street, Gloucester, GL1 1UW; at the Central Gilts Office, Bank of England, 1 Bank Buildings, Princes Street, London, EC2R 8EU or at any of the Branches or Agencies of the Bank of England; at the Bank of Ireland, Moyne Buildings, 1st Floor, 20 Callender Street, Belfast, BT1 5BN; or at any office of the London Stock Exchange in the United Kingdom.

Government Statement

Attention is drawn to the statement issued by Her Majesty's Treasury on 29 May 1985 which explained that, in the interest of the orderly conduct of fiscal policy, neither Her Majesty's Government nor the Bank of England or their respective servants or agents undertake to disclose tax changes decided on but not yet announced, even where they may specifically affect the terms on which, or the conditions under which, this Stock is issued or sold by or on behalf of the Government or the Bank; that no responsibility can therefore be accepted for any omission to make such disclosure; and that such omission shall neither render any transaction liable to be set aside nor give rise to any claim for compensation.

BANK OF ENGLAND
LONDON

21 September 1993

APPLICATION FORM

TO THE GOVERNOR AND COMPANY OF THE BANK OF ENGLAND

I/We apply in accordance with the terms of the prospectus for competitive and non-competitive bids dated 21 September 1993 as follows:-

A FOR COMPETITIVE BIDS ONLY (ie for Stock to be purchased at the price bid)

Nominal amount of 6¾% Treasury Stock 2004 applied for:

Amount of Stock applied for	*Multiple*	
£500,000-£1,000,000	£100,000	£
£1,000,000 or greater	£1,000,000	

Price bid per £100 nominal of Stock, being a multiple of 1/32nd of £1: £ . 32nds

Amount of initial payment enclosed (a), being equal to the price bid LESS £50 for every £100 NOMINAL of Stock applied for: £

B FOR NON-COMPETITIVE BIDS ONLY (ie for Stock to be purchased at the non-competitive sale price as defined in the prospectus)

Nominal amount of 6¾% Treasury Stock 2004 applied for, being a multiple of £1,000, with a minimum of £1,000 and a maximum of £500,000 nominal of Stock: £

Amount of initial payment enclosed (a), being £50 (b) for every £100 NOMINAL of Stock applied for: £

C FOR CGO MEMBERS ONLY

CGO PARTICIPANT NUMBER.................Tel No.................

Name of contact.................

D THIS SECTION TO BE COMPLETED BY ALL APPLICANTS

I/We undertake to pay the balance of the purchase money when it becomes due in respect of any Stock which may be sold to me/us under this application, as provided by the prospectus.

I/We request that any letter of allotment in respect of Stock sold to me/us be sent by post at my/our risk to me/us at the address shown below.

IN THE CASE OF A NON-COMPETITIVE APPLICATION, I/we warrant that to my/our knowledge this is the only non-competitive application made for my/our benefit (or for the benefit of the persons on whose behalf I am/we are applying).

IN THE CASE OF AN APPLICATION BY A MEMBER OF THE CGO SERVICE WHO HAS COMPLETED SECTION C, we request that any Stock allocated to us be credited direct to our account at the Central Gilts Office. We hereby irrevocably undertake to accept such Stock by member-to-member delivery through the Central Gilts Office Service from the Governor and Company of the Bank of England, Number 2 Account (Participant number 5183) by the deadline for such deliveries on 30 September 1993, and we agree that the consideration to be input in respect of such delivery shall be the amount payable by us on the sale of such Stock in accordance with the terms of the prospectus.

SIGNATURE(S).................
Date................. of, or on behalf of, applicant

PLEASE USE BLOCK CAPITALS

MR/MRS MISS/MS	FORENAME(S) IN FULL	SURNAME
FULL POSTAL ADDRESS		
TOWN	COUNTY	POSTCODE

(a) A separate cheque must accompany each application. Cheques should be made payable to "Bank of England" and crossed "New Issues". In respect of competitive bids, cheques must be drawn on a branch or office, situated within the Town Clearing area, of a settlement member of CHAPS and Town Clearing Company Limited. In respect of non-competitive bids, cheques must be drawn on a bank in, and be payable in, the United Kingdom, the Channel Islands or the Isle of Man.

(b) The procedure for any refund, or further amount payable, is set out in the prospectus.

APPLICATION FORMS MUST BE SENT TO THE BANK OF ENGLAND, NEW ISSUES, PO BOX 444, GLOUCESTER, GL1 1NP TO ARRIVE NOT LATER THAN 10.00 AM ON WEDNESDAY, 29 SEPTEMBER 1993; OR LODGED BY HAND AT THE CENTRAL GILTS OFFICE, BANK OF ENGLAND, BANK BUILDINGS, 19 OLD JEWRY, LONDON NOT LATER THAN 10.00 AM ON WEDNESDAY, 29 SEPTEMBER 1993; OR LODGED BY HAND AT ANY OF THE BRANCHES OR AGENCIES OF THE BANK OF ENGLAND NOT LATER THAN 3.30 PM ON TUESDAY, 28 SEPTEMBER 1993.

Yule Catto in £30m rights to fund purchase

By Richard Gourlay

YULE CATTO, the industrial chemicals group, is to raise £29.7m through the first rights issue in its history to buy 50 per cent of a German synthetic rubber latex company and to reduce debt.

It is is paying £18.2m for the purchase of the stake in Synthomer Chemie from Chemetall, ultimately owned by Metallgesellschaft, after a one-for-six rights issue at 215p.

The shares fell 18p to 259p on news of the rights and the group's interim results for the six months to June 30, which disclosed a pre-tax profits fall from £10.2m to £9.26m on sales up 12 per cent at £140.6m.

The deal will strengthen Yule Catto's links with Reichhold Chemicals of the US, the subsidiary of Dainippon Ink of Japan. Reichhold owns the other 50 per cent of Synthomer and is also the joint venture partner in Doverstrand, another latex joint venture with Yule Catto.

Mr Alex Walker, Yule Catto chief executive, said bringing the two joint ventures together under common ownership would open up opportunities to rationalise marketing, research and manufacturing and help create a pan-European synthetic latex rubber business.

For the year ended September 30 1992 Synthomer made profits before exceptional items of £6.4m and profits before tax of £3.8m. Its net assets were £7.1m.

The rights issue would also reduce group gearing which at the end of the first half was 43 per cent on net debt slightly up on the same period last year at £20.7m.

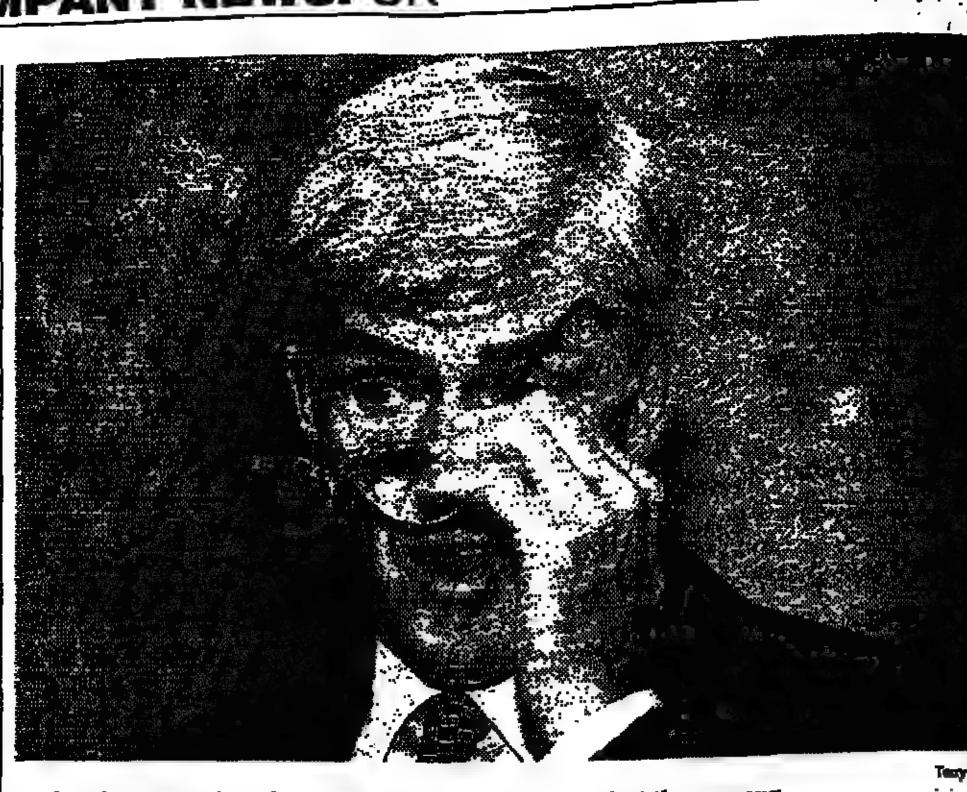
Earnings per share fell from 7.5p to 6.5p but the interim dividend is lifted from 2.5p to 2.6p.

Mr Walker said the fall in profits mainly stemmed from the poor performance of the building products division in Holland, Belgium and France.

Yule Catto's largest shareholder, Kuala Lumpur Kepong, which owns 29.5 per cent, has irrevocably agreed to take up its rights. The balance is underwritten by Morgan Grenfell.

Lord Catto, chairman, said the bringing of Synthomer and Doverstrand under common ownership would strengthen the international business.

"Doverstrand has enjoyed a long standing technical and commercial relationship with Synthomer through its common shareholder, Reichhold Chemicals," he said.



Lord Parkinson: confirmed the possibility of legal action against the company

Starmin shareholders back Abdullah reappointment

By Catherine Milton

SHAREHOLDERS of Starmin, the loss-making quarry products company chaired by Lord Parkinson, the former Conservative cabinet minister, yesterday backed the reappointment of a director who is considering taking legal action against the company.

Mr Raschid Abdullah, who speaks for about 30 per cent of the shares, retained a non-executive seat on the board after his position came up for confirmation at the meeting, it being his turn to retire by rotation.

Mr Abdullah, and his brother Osman, resigned as executive directors in July, a month before the company rescinded its dividend and announced 1992 pre-tax losses had been understated by £3.8m, deepening them to £11.9m.

The adjustment followed a review of accounting policies which focused on profits booked on asset swaps.

Lord Parkinson, whose job attracts an annual salary of £25,000, confirmed the possibility of legal action against the company by either or both of the brothers, who had run Starmin since 1989.

During yesterday's meeting which lasted just 18 minutes, Lord Parkinson said, in response to shareholders' queries, that Mr Raschid Abdullah, his family and allied interests "do speak for nearly 30 per cent of shareholders and they feel that it is right that that 30 per cent should be represented on the board."

He said the board, which abstained in the vote, believed it would not be in the interests of the company or shareholders for him to comment further because of the possibility of legal action.

Mr Raschid Abdullah refused to comment and is understood to have reached no firm decision on legal action.

Allen seeks £5m and full listing

By Peter Pearse

ALLEN, the Wigan-based housebuilding, hire services and contracting group, is raising about £5m after expenses by a placing and open offer of 4.44m shares. It is also seeking to move up from the USM to a listing.

Of the proceeds £2.5m will be spent on expanding the number of land bank sites from the current 29 to about 35. The company said it only bought land if a suitable return could be expected. The approach had resulted in not having to make provisions against its land bank throughout the recession.

A further £2m will be spent on hire services. It is negotiating to acquire a six-outlet small tool hire chain for about £1m and plans to spend about £30,000 apiece on its existing outlets.

In contracting, the group is in talks to acquire a Midlands-based contractor for about £400,000.

The directors have forecast that pre-tax profits for the six months to September 30 would be not less than £1.2m (£855,000), that earnings would be at least 3.6p (2.5p) per share and that the interim dividend would be maintained at 1.65p.

The shares are being placed at 119p per share and shareholders can apply on a 1-for-5 basis. The issue has been underwritten by Barclays de Zoete Wedd and the brokers are de Zoete & Bevan. The shares closed down 2p at 130p.

Mr Ken Fox, deputy managing director, said that the move up from the USM to the senior market would change and raise the profile of the group, widen its institutional shareholder base, and offer more opportunities for raising further funds, if necessary.

Weak consumer demand and falling car production hit BSG

By Tim Burt

BSG INTERNATIONAL, the Birmingham-based motor components, vehicle distribution and childcare products group, has blamed weak consumer demand and falling European car production for flat pre-tax profits of £8.53m in the first half of 1993, compared with £8.56m.

The result, which the company said had been held back by difficult trading conditions at the end of 1992 and earlier this year, were achieved on higher turnover of £291.8m (£287.3m).

Although the decline in profitability had been offset by falling interest rates and funds raised by the £31.4m rights issue in April, earnings per share fell from 2.53p to 2.07p. The interim dividend is maintained at 0.7p.

Mr Astley Whittall, chairman, said the reduced earnings reflected a higher tax charge arising from increased profits in Germany and the impact of the rights shares.

A 15 per cent fall in European car production increased the pressure on margins in the group's UK and French sun roof and mirror manufacturing operations.

Growth, in the meantime, in the car leasing sector was hampered by fleet users delaying vehicle replacements, the directors stated.

Recession in the airline industry, meanwhile, also dampened demand for BSG equipment for aircraft interiors. Mr Whittall warned that the sector would have to be restructured in the fourth quarter to reduce costs and improve efficiency.

The difficulties of these sectors contributed to a 5.6 per cent decline in interim operating profits to £11.1m (£11.7m).

Nevertheless, Mr Whittall said satisfactory performances by operations in Australia and the US, and improved profits on production of child safety seats, were encouraging.

Lower interest helps Mayborn advance 14%

By Gary Evans

MAYBORN GROUP, the fabric dyes, baby products and florists' sundries concern, made further steady progress in the first half of 1993 and helped by a sharp fall in interest charges, pre-tax profits rose by 14 per cent to £1.9m, against £1.66m.

Turnover of the USM-quoted group edged up 3 per cent to £17.5m. However, on a more comparable basis – after adjusting for the effect of recent transfers of Dylon operations (fabric dyes) in France and the US to independent distributors – the increase was 5 per cent.

At the operating level, profits grew 4 per cent to £1.93m, before interest charges of £34,000 (£195,000). Earnings per share rose to 6.4p (5.8p) and an increased interim dividend of 1.8p (1.6p) has been declared.

Mr Ian Peacock, chairman, said trading in the second half was expected to show more satisfactory growth. The baby products side in particular, would benefit from significant Christmas gift orders already received and confirmed.

Rainbow Acrylics – an importer and distributor of melamine and acrylic children's tableware products acquired in July – was unlikely to have a material impact on this year's results.

Net borrowings at the half year were £841,000 (£2.84m) giving gearing of 9 per cent (36 per cent). This was higher than the year end figure of £194,000, but Mr Peacock said it represented more normal seasonal trading fluctuations and "we have every reason at present to expect another healthy cash position at the end of December 1993."

Ivernia lead/zinc study nearing completion

By Peter Franklin

IVERNIA West, the Irish minerals exploration company, yesterday announced a reduced loss for the year of I£460,000 (£433,000), down from I£1.48m, and confirmed its belief that the Lisheen joint venture, in which it has a 47.5 per cent interest, was the largest lead/zinc discovery in Europe for decades.

Feasibility and environmental studies at Lisheen are nearing completion and will shortly be presented to the joint venture, the directors said.

Following this, the joint venture would lodge a full planning application.

Minorco, a 24.5 per cent shareholder in Ivernia and Ivernia's intended 50 per cent partner in the project, has made loans of some $3m (£1.9m) available to the company along with sums to cover land acquisition costs.

Progress on the project has been balked by difficulties arising from Chevron's decision to dispose of its 52.5 per cent interest in Lisheen.

Chevron had agreed to sell its interest to Ivernia, and had accepted a $5m deposit. However, completion of the sale has been delayed by a challenge in the Dublin High Court by Lac Minerals.

Ivernia also announced that agreement had been reached for the disposal of its Famous Blue gold deposit along with its Double A plant and equipment for A$1.2m (£510,000) in cash and shares.

All of Ivernia's remaining Australian assets have been acquired by Leader Resources, in which Ivernia has a 20.5 per cent interest.

MTL falls to £2m despite pound's fall

Pre-tax profits of MTL Instruments, the USM-quoted maker of electronic measuring devices, fell by £1.15m to £2.1m in the half year to end-June. The comparative, originally reported as £2.2m, was restated to comply with FRS 3.

Turnover, however, rose by 15 per cent from £9.29m to £10.7m. The improvement, the directors said, reflected strong recovery in the US and continued growth in Europe.

The weaker pound had benefited both sales and profits, they added.

Earnings per share were 7.4p (11.6p) and the interim dividend is 1.7p (1.6p).

Mr Ian Hutcheon has stepped down as chief executive but remains as chairman. He is succeeded by Mr Barrie Marson, who was formerly a non-executive director.

Aer Lingus faces a wing-clipping

By Tim Coone in Dublin, Andrew Hill and David Marsh

TALKS between management and unions at Aer Lingus, the troubled Irish state airline, arrive at a crucial juncture this Friday, when a deadline for the acceptance of 1,280 proposed voluntary redundancies is reached.

In Brussels, officials say the EC is likely to ask the airline for more information before it decides whether to support a request for a I£175m capital injection from the Irish government. The EC is due to make a preliminary ruling by early next month whether planned state aid for Aer Lingus and three other EC airlines breaches competition rules.

To date, only about 300 acceptances are believed to have been notified to management from the airline's 5,500 workforce, raising the spectre of compulsory redundancies which the airline's trade unions have pledged to fight.

Significantly, senior figures within the Labour Party, the junior partners in the coalition government, have also said they will not support compulsory redundancies, threatening a dangerous split in the coalition and a possible government crisis in the weeks ahead.

The redundancies are being sought as part of a rescue plan drawn up earlier this year by Aer Lingus management to cut operating costs by 10 per cent, or some I£50m annually, to staunch losses which are currently running at I£1.2m a week. At March 31 this year Aer Lingus had accumulated net debt of I£540m.

When Mr Bernie Cahill, the executive chairman, unveiled the rescue plan last June he said that "urgent and drastic action is needed" if the airline was to survive. The urgency of that message was heightened by a threat from the banks to shut the financial taps to the company if a rescue plan was not in place by late summer.

Management and unions then agreed over the summer to a complex three-phase conciliation and arbitration procedure, through Ireland's Labour Relations Commission. That procedure faces a deadline of October 31, and to date very little progress has been achieved according to sources close to the negotiations.

The banks apparently have accepted to await the outcome of the arbitration procedure before taking action themselves, but according to a company source, practically all of the airline's committed credit lines from the banks will have expired by then. Thus if the rescue plan is still in dispute at that time, the banks would technically be in a position to call in a receiver.

The government's I£175m equity injection is conditional both on EC approval and on acceptance of Mr Cahill's rescue plan by the workforce. If the plan is approved, the first instalment of I£50m would be disbursed in December.

The EC Commission's policy on state aid for airlines is being challenged by British Midland, Aer Lingus's main rival on the Dublin-London route.

Sir Michael Bishop, the British Midland chairman, said that Aer Lingus's financial problems were partly caused by exaggeratedly low Dublin-London fares. Pointing out that the Irish airline – although roughly the same size as British Midland – employed 8,000 people compared with his own company's 2,500. "They [Aer Lingus] are knocking up staggering losses," Sir Michael said, adding that: a decision by the EC Commission to block the request for I£175m aid would be "progress".

But he said the EC also had to crack down on state aid for Belgium's Sabena, Spain's Iberia Airlines and Air Portugal. "If they [loss-making airlines] know they are not going to get any more injections of state aid, then they will have to put their businesses in order in the same way as everyone else has done."

Exceptional leaves Comac at £60,000

Comac Group, the USM-quoted computer consultant, reported pre-tax profits of £60,000, against £44,000, for the half year ended June 30.

These were the first results since Mr Philip Swinstead, the founder and former chief executive of SD Scicon, took a controlling interest and installed a new management. The profit was after an exceptional charge of £120,000 (£50,000) relating to directors termination costs and German payroll taxes for earlier years.

Mr Bernard Friend, the new chairman, said that UK margins remained under pressure and business abroad fell significantly in the six months.

However, there were the first signs of an upturn following policy changes by the new management.

Turnover was £5.3m, compared with £4.91m. Earnings per share were up from 0.44p to 0.65p.

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Exceptional leaves Comac at £60,000

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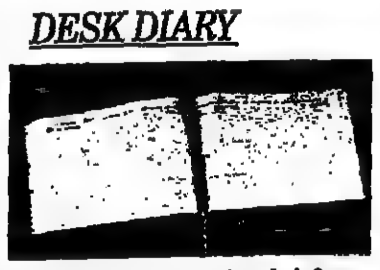

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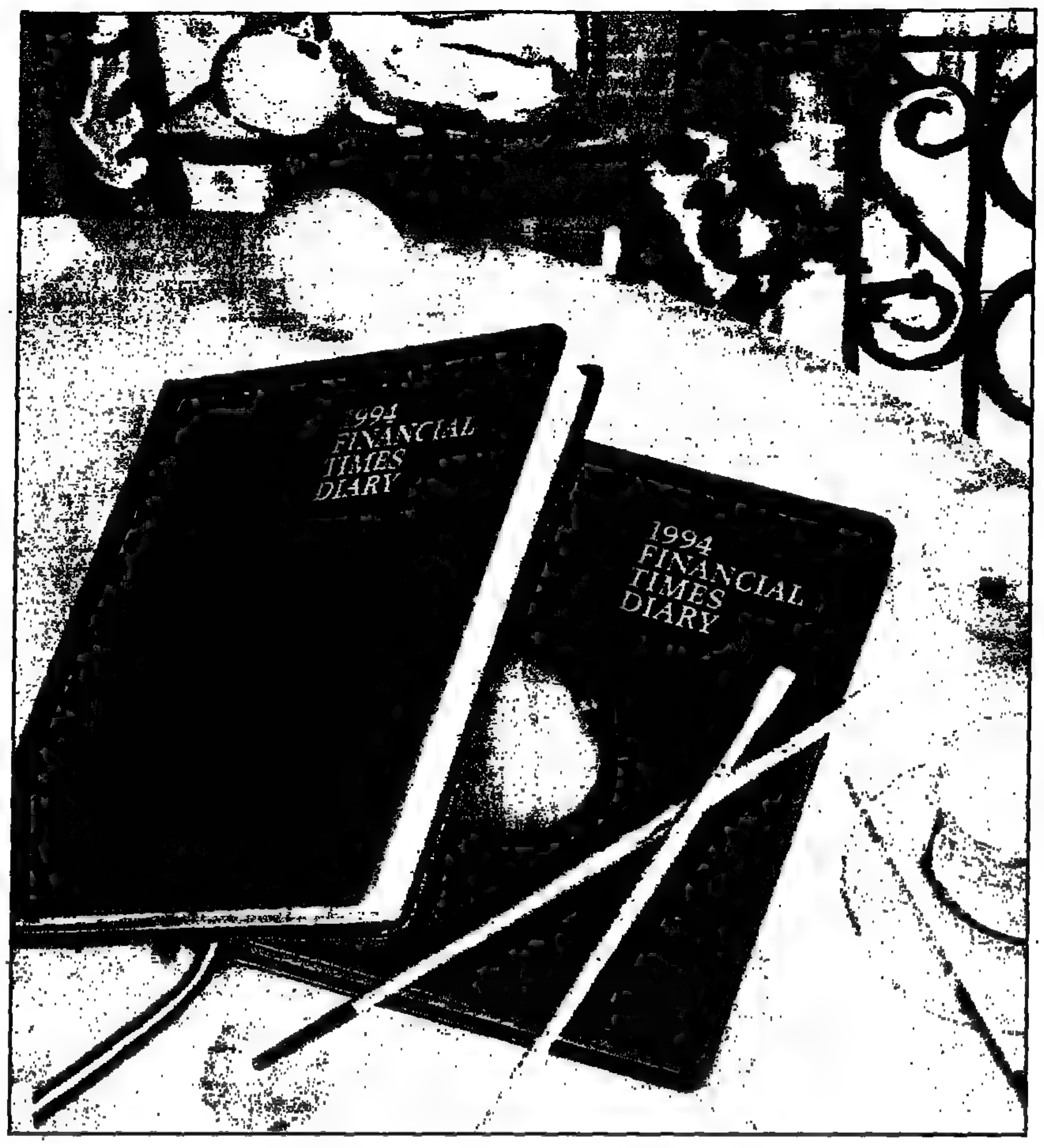

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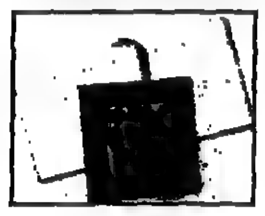

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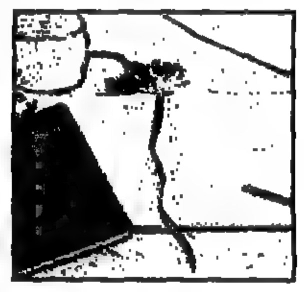

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LME's 'despicable' copper intervention criticised

By Kenneth Gooding, Mining Correspondent

THE LONDON Metal Exchange board was strongly criticised yesterday for allowing an hour to go by between the end of a meeting at which directors decided to intervene to stop the "squeeze" in the exchange's copper market and the announcement of that decision. During that hour the copper price fell "precipitously," said Mr John Champagne, a vice-president of Magma Copper, the third-largest US copper producer.

In an outspoken condemnation of the LME's actions, he also suggested it was "despicable" for the board to favour by its decision those who were short of copper (those who had sold metal they did not own in the expectation of buying it later at a lower price) because most of the LME board members were "short".

Answering questions at a Magma presentation to the Association of Mining Analysts in London, Mr Champagne said the LME board had sent out a signal that would encourage those going short of metal to believe that in future their losses on the exchange would be limited.

Before he joined Magma in 1988, Mr Champagne was president of Cargill Metals and responsible for the non-ferrous metal trading activities of Cargill, probably the world's biggest commodities trader. From 1978 to 1981 he was based in London and was a member of the LME.

Any intervention at all in the market by the LME board was "regretable", he said yesterday. "Markets are to be left alone." He added: "In the long run if, the LME continues to do things like this it will pay a heavy price."

LME WAREHOUSE STOCKS (As at Monday's close) tonnes		
Aluminium	+14,450	to 2,169,775
Copper	+8,350	to 664,225
Lead	+1,450	to 386,900
Nickel	+984	to 113,322
Zinc	+4,950	to 789,450
Tin	-30	to 21,420

The LME board took emergency action on September 8 in response to widespread suggestions that its "flagship" copper market, on which most purchase contracts around the world are based, was being manipulated to boost the price. It limited the daily backwardation (premium over the future price for metal for immediate delivery) to limited to $5 a tonne saying this was "in anticipation of the development of an undesirable situation in the copper market".

This intervention eventually resulted in the technical tightness disappearing and the three-month copper price has fallen by nearly 10 per cent, from $1,947 a tonne to $1,749.50 and close to the lowest levels for nearly six years.

Mr David King, the LME's chief executive, said last night he would not comment on Mr Champagne's remarks until he had full details and, as there was no written text, this might take some time. Mr Champagne said he intended to outline his complaints in a letter to Mr King.

● Mr Burgess Winter, president, said the joint venture company Magma had set up with BHP of Australia had last Friday bid for the El Abra copper project in Northern Chile put up for sale by Codelco, the state-owned group. He said the fiercest competition from among several other bidders was likely to come from RTZ Corporation of the UK or a joint venture between Cyprus Minerals of the US and Lac Minerals of Canada.

Magma's bid, if it was revealed because it was successful, would be judged by some observers to be high, Mr Winter said. However, there would be a good return on the investment and it would pay for itself very quickly.

Codelco studies indicate that the project could produce 265m lb of copper a year using low-cost oxide leaching, solvent extraction-electrowinning methods.

Rubber pact to seek cash injection

By Kieran Cooke in Kuala Lumpur

THE BUFFER stock manager of the International Natural Rubber Organisation says he will be asking organisation members for more cash to buy in rubber in an effort to prop up sagging prices. Up to $60m could be requested from Inro's 20 natural rubber consuming and six producing countries.

The Inro buffer stock manager has now accumulated a stockpile of about 200,000 tones of natural rubber. Rubber traders say Inro member countries might be reluctant to contribute more funds in view of uncertainties about the future of the organisation.

Producer and consumer countries have been involved in protracted arguments about renegotiating the International Natural Rubber Agreement, which Inro supervises. Consumer countries, led by the European Community, want the present agreement, which expires at the end of this year, to be renewed, but producers want a renegotiation of the terms of the agreement.

Mr Ahmad Farouk, head of Malaysia's delegation dealing with Inra, says producers cannot survive persistently low prices and will have to take action if consumers fail to agree to a new Inra.

"I can tell you for certain, if there are no negotiations, there is no Inra" said Mr Farouk. "I just can't understand the consumers. To negotiate doesn't mean to agree. The producers have bent over backwards in the spirit of co-operation."

EC to cut 'inefficient' school milk subsidy

By David Gardner in Brussels

EUROPEAN COMMUNITY agriculture ministers yesterday decided to cut back from next year an expensive subsidy on school milk for 31m schol children across the community.

The controversy, which looked set to surround the decision has been offset by limiting the cut to half what the European Commission had originally planned, and by a belated attempt by Brussels to explain the bizarre economics of the subsidy.

Last year, the EC paid out Ecu232m (£180m) on the subsidy, according to figures from the commission, which originally proposed to cut outlays back to Ecu109m by next year – a reduction that British and German officials said would jeopardise the scheme.

Officials now say that yesterday's decision means the cut will be significantly less, to Ecu176m.

Across the EC, 143,000 schools get the subsidy for 31m children; in the UK, 31,000 schools with some 8m children receive it, in France 10m, and in Germany over 6m.

The subsidy was originally financed through the revenue from penalties levied on milk producers for exceeding the production quotas fixed by the EC. These levies were abolished in last year's reform of the common agricultural policy, under which Ecu4.4bn was spent on the dairy sector in 1992.

But with the CAP budget now strained to its near Ecu36bn limit, the commission and the EC are casting around for cuts, especially as bills mount to buy off producer interests unhappy with the production, export and price cuts required by the CAP reform and as part of the Uruguay Round trade negotiations. But Commission officials said yesterday that the way the subsidy is distributed was of little benefit to school children.

In Belgium, for instance, the subsidy is worth BFr16.3 (31p) a litre – or 125 per cent of the normal EC target price for milk – of which the farmer gets BFr12. But the school child, the commission says, pays an average of BFr34 a litre, higher than the average supermarket price of BFr30. This is allegedly because of higher distribution and packaging costs; each litre, for example, requires four quarter litre packages rather than one. "The profit is for the distributor and packager," one commission official said, adding that "it is up to the industry to take responsibility for that sort of thing, not us."

"It is the most expensive and inefficient system we have for encouraging the consumption of milk," he said, a view endorsed by member state agriculture officials in Brussels.

This is a high ranking in comparison with other milk schemes the EC runs, which are also likely to come into the spotlight as a result of the school milk controversy. The "calf milk replacement" scheme – whereby milk from the cow's udder enters the calf's mouth only after first having been turned into powder, then protein enriched, and then turned back into milk – costs about Ecu1.5bn a year, according to one official.

EC approves Argentine fisheries agreement

By John Barham in Buenos Aires

THE EUROPEAN Community has approved a new three-year fishing agreement with Argentina which grants EC vessels access to Argentina's rich fishing grounds for the first time, while giving Argentine fish exports preferential access to EC markets.

The community's ships will be able to operate in Argentine waters, which were previously restricted to local ships, in association with Argentine companies. European import tariffs will be reduced to 5-10 per cent for Argentine supplies. Furthermore, the EC will provide the Argentine industry with US$33m in cash grants for the industry. The agreement covers exports of 250,000 tonnes of hake, cod and Illex squid.

The new agreement is considered an advance on similar accords signed between Brussels and third countries because it increases the involvement of local companies. Owners of EC vessels must form joint ventures with Argentine companies. This is intended to modernise the Argentine fishing fleet, by allowing local companies to replace their ageing ships with more modern European ones. Catches are not intended to increase, because EC ships must be either equal in capacity or smaller than the Argentine ships they are replacing.

However, the local industry fears that the newer European ships will increase fishing pressure on hake – already close to maximum levels. Overfishing would not only threaten stocks but erode prices and thus offset the benefit of lower tariffs. Last year Argentina's fish catch rose 10 per cent to a record 692,000 tonnes.

The industry suspects that the agreement will benefit the Spain – which has a large number of idle fishing ships – more than Argentina. Mr Mario Olaciregui, president of Harengus, Argentina's largest fishing company, said: "There is more optimism about the accord in Vigo than there is here". However, he recognised that the agreement will modernise Argentina's fishing fleet and provide funds for scientific research.

The government also says that the agreement advances its claims to the Falkland Islands. Mr Guido di Tella, foreign minister, the agreement will "make [the islanders] realise that we have very important friends". However, the EC excluded the Falklands' 150-mile fishing zone from the agreement and established a 30,000-tonne limit for catches of the Illex squid – the Falklands' most lucrative species.

Last December, Argentina began selling low-priced fish licences aimed in part at undercutting those sold by the Falklands, thus reducing a key source of revenue for the islands.

Britain and Argentina are to hold new fishery talks in Buenos Aires in December.

Pakistan fights off invading locusts

By Farhan Bokhari in Islamabad

THE PAKISTANI government said last night that the country's locust emergency was over.

Mr Salman Farooqi, the secretary general of the agriculture ministry in Islamabad declared: "The whole thing has been contained in the desert," adding that up to 400 swarms which had entered Pakistan had been wiped out in an army-backed spraying operation.

He said, however, that the country would continue to monitor an area of some 50,000 sq km in the deserts of Thar (Sindh) and Cholistan (Punjab), in preparation for any other swarmlets entering from the Indian state of Rajasthan.

An international appeal for assistance of up to US$1.3m towards the anti-locust operations, has so far received yielded $850,000 000 and another $600,000 is expected in the near future, senior officials say.

Meanwhile, Mr Zahoor Ahmed, head of Pakistan's leading cotton research station in the city of Multan, said that at least 11.5m bales of cotton were expected from the crop this year, which is due to be harvested, next month. That would be close to the government's target of 12m bales.

The locust attack had raised concerns over the future of Pakistan's cotton output which is considered to be crucial for the country's economy.

Some officials argue that this year's alarming situation should encourage the government to intensify vigilance and store large supplies of pesticides to deal with any new threats. "This year, we were lucky, next time we may not be," said one official.

Commodity prices 'to fall'

By Nikki Tait in Sydney

WORLD COMMODITY prices are likely to fall by 3 per cent in 1993-4, a reflection of the continuing low economic growth in major industrial nations, according to the Australian Bureau of Agriculture and Resource Economics.

The predicted fall would follow an 8 per cent decline in 1992-3. "The slide in commodity prices has resulted from continued sluggish economic activity in the major OECD economies, generally good seasons for world agriculture, and for metals a failure by producers to cut supplies sufficiently to reduce stock," Abare said yesterday.

More cheerfully, the research organisation predicted that a modest upturn in major western economies by 1994-95, should increase demand for commodities and help prices to rise. But it warned that "the recovery in these prices may be gradual and patchy".

In the wool market, Abare noted that demand had been weak in the current selling season and that demand from China could become volatile given the general overheating in the domestic economy.

On the grains front it suggested that a record Chinese wheat crop and large Russian and US crops had boosted estimates of world wheat production in 1993-4 to 569m tonnes, 10m tonnes more than in 1992-93, and reduced the forecast world wheat price in 1993-4 to US$135 per tonne, US$5 per tonne less than in 1992-93.

ABARE noted that oil and gold prices were forecast to rise slightly in 1993-94, but it also pointed to the falling trend in Australian contract prices for iron ore and coal.

Chicago lumber futures hit peaks after big rise in US housing starts

By Laurie Morse in Chicago

CHICAGO LUMBER futures prices, which have earned a reputation for volatility this year, rallied sharply early yesterday in response to news that US housing starts had advanced in August at their fastest rate in a year. A US Commerce Department report said the seasonally adjusted rate would indicate 1.323m homes being built in the US this year.

However, profit-taking by traders who had bought futures during strong advances on Friday and Monday halted the rise, and by midsession lumber futures for November delivery, which had reached a recent high of $336 per 1,000 board/feet, had turned lower.

Nearby prices had rallied their 10 cents-a-contract daily limit on Friday and Monday after the US Commerce Department surprised traders by recommending that a US duty on Canadian lumber imports be raised to 11.54 per cent from the existing 6.51 per cent. The higher duty, which must still be reviewed by a US-Canadian trade committee, would not be effective until December 16.

With US timber cutting in Pacific north-west forests restricted by environmental red tape, an increasing amount of US building materials are being imported from Canada.

The duty decision led several Canadian lumber mills to reconsider selling into the US futures market, for fear of incurring duties during delivery, lumber analysts said.

"The rally was really the result of a lack of sellers. The Canadian mills that would generally sell into a rally hung back," commented Mr Curt Cunningham, analyst for Seattle-based Pacific Futures Trading.

The 7.8 per cent jump in August starts might not be sustainable, despite historically low mortgage rates, traders said. Much of the increase in August building was delayed activity following unusually wet summer weather. "Builders who couldn't dig foundations because of the wet are rushing to get houses framed before the cold weather," Mr Cunningham said.

Still, applications for permits to build new homes also rose sharply in August, by 7.5 per cent to an annualised rate of 1.249m units.

MINOR METALS PRICES

Prices from Metal Bulletin (last week's in brackets).

ANTIMONY: European free market 99.6 per cent, $ per tonne, in warehouse, 1,570-1,615 (1,565-1,610).

BISMUTH: European free market, min. 99.99 per cent, $ per lb, tonne lots in warehouse, 2.30-2.50 (same).

CADMIUM: European free market, min. 99.5 per cent, $ per lb, in warehouse, 0.40-0.45 (same).

COBALT: MB free market, 99.8 per cent, $ per lb, in warehouse, 12.00-12.50 (12.00-12.55; 99.3 per cent, $ per lb, in warehouse, 11.05-11.45 (11.10-11.60).

MERCURY: European free market, min. 99.99 per cent, $ per 76 lb flask, in warehouse, 95-110 (same).

MOLYBDENUM: European free market, drummed molybdic oxide, $ per lb Mo, in warehouse, 2.40-2.45 (same).

SELENIUM: European free market, min 99.5 per cent, $ per lb, in warehouse, 4.55-5.30.

TUNGSTEN ORE: European free market, standard min. 65 per cent, $ per tonne unit (10 kg) WO_3, cif, 20-33 (same).

VANADIUM: European free market, min. 98 per cent, $ a lb V_2O_5, cif, 1.35-1.40 (1.30-1.40).

URANIUM: Nuexco exchange value, $ per lb, U_3O_8, 6.90.

WORLD COMMODITIES PRICES

MARKET REPORT

London coffee and cocoa futures were weaker in the afternoon as both bowed to pressure from New York, but traders remained confident that the overall trend remained upward. The December delivery **COCOA** price temporarily dipped below £900 a tonne, but held above support at £890/895 and ended the day £13 down at £904 a tonne. Traders said the corrective move was to be expected, with investment funds and speculators looking for an opportunity to take profits. November delivery robusta **COFFEE** sank to $1,255 a tonne at one point as it followed the New York trend. But follow-through selling failed to materialise and most of the fall was recovered. At the London Metal Exchange **ALUMINIUM** prices remained weak in the afternoon, having slumped on liquidation at midday, and some analysts were projecting a fall to the $1,100-$1,105-a-tonne area for three months metal. Final business was at $1,119 a tonne, down $10.50 from Monday. The **NICKEL** market initially extended recent declines, crashing to a 6¾-year low of $4,200 for three months delivery before support developed around $4,210 a tonne.

Compiled from Reuters

London Markets

SPOT MARKETS		
Crude oil (per barrel FOB)(Nov)		+ or -
Dubai	$14.33-4.38z	-0.03
Brent Blend (dated)	$16.12-6.14	+0.10
Brent Blend (Nov)	$16.52-6.54	+0.02
W.T.I (1 pm est)	$17.79-7.82z	+.046
Oil products		
(NWE prompt delivery per tonne CIF		+ or -
Premium Gasoline	$163-165	
Gas Oil	$169-170	+1
Heavy Fuel Oil	$60-62	
Naphtha	$148-149	
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$353.30	-0.50
Silver (per troy oz)♣	406.00c	-2.50
Platinum (per troy oz)	$360.25	-1.25
Palladium (per troy oz)	$124.50	+4.00
Copper (US Producer)	86.5c	-1.0
Lead (US Producer)	34.63c	
Tin (Kuala Lumpur market)	10.78m	
Tin (New York)	201.5c	
Zinc (US Prime Western)	62.0c	
Cattle (live weight)†	116.37p	-4.46*
Sheep (live weight)†♠	80.90p	+2.07*
Pigs (live weight)†	65.74p	-1.84*
London daily sugar (raw)	$260.8	-4.2
London daily sugar (white)	$289.0	-1.0
Tate and Lyle export price	£280.5	-4.0
Barley (English feed)	Unq	
Maize (US No. 3 yellow)	£130u	
Wheat (US Dark Northern)	£165.0z	+2.5
Rubber (Oct)♥	57.50p	-0.50
Rubber (Nov)♥	57.75p	-0.50
Rubber (KL RSS No 1 Jul)	207.5p	-1.0
Coconut oil (Philippines)§	$415.0v	-2.5
Palm Oil (Malaysian)§	$350.0z	
Copra (Philippines)§	$290.0	
Soyabeans (US)	£182.0	+1.5
Cotton "A" index	56.10c	-0.45
Wooltops (64s Super)	326p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. z-Nov. v-Oct/Nov u-Oct t-Oct/Dec x-Aug/Sep ♥London physical. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.♠Sheep prices are now live weight prices * change from a week ago. provisional prices.

SUGAR – LCE			($ per tonne)	
White	Close	Previous	High/Low	
Dec	271.80	273.40	273.00	271.80
Mar	274.20	277.80	277.40	274.20
Aug	282.10	285.60	284.00	282.10

White 637 (318) Paris- White (FFr per tonne): Dec 1582.50 Mar 1571.98

CRUDE OIL – IPE				$/barrel
	Latest	Previous	High/Low	
Nov	16.58	16.62	16.66	16.25
Dec	16.75	16.87	16.86	16.51
Jan	16.92	17.08	16.96	16.72
Feb	17.16	17.30	17.17	16.92
Mar	17.25	17.45	17.34	17.10
Apr	17.36	17.56	17.35	17.27
IPE Index	16.35	16.07		

Turnover 39579 (36194)

GAS OIL – IPE				$/tonne
	Close	Previous	High/Low	
Oct	164.50	164.25	165.25	163.00
Nov	166.00	166.25	167.75	164.75
Dec	167.25	167.50	168.50	166.00
Jan	168.25	168.75	170.00	167.25
Feb	169.25	169.00	170.00	167.25
Mar	166.75	167.50	168.00	166.50
Jun	161.00	165.00	161.00	

Turnover 14832 (16834) lots of 100 tonnes

JUTE

C and F Dundee: BTC $330, BWC $340, BTD $310, BWD $315. C and F Antwerp: BTC $310, BWC $310, BTD $295, BWD $285.

COTTON

Liverpool- spot and shipment sales amounted to 426 tonnes for the week ended 17 September, against 48 tonnes in the previous week. Improved demand brought moderate purchases, mainly in American descriptions. Central Asian and Indian growths made some headway.

COCOA – LCE				£/tonne
	Close	Previous	High/Low	
Sep	870	883	880	863
Dec	904	917	911	888
Mar	933	946	960	926
May	943	955	949	935
Jul	951	963	955	944
Sep	956	970	965	960
Dec	963	979	972	960
Mar	971	987	982	967
May	978		988	978
Jul	985	1000	987	987

Turnover: 9290 (16147) lots of 10 tonnes

ICCO indicator prices (SDRs per tonne). Daily price for Sep 20 930.27 (930.10) 10 day average for Sep 21 890.81 (891.57)

COFFEE – LCE				$/tonne
	Close	Previous	High/Low	
Sep	1323	1341	1340	1315
Nov	1272	1275	1286	1265
Jan	1263	1263	1274	1254
Mar	1251	1253	1255	1245
May	1247	1254	1257	1245
Jul	1245		1255	1250
Sep	1245		1250	

Turnover: 4820 (2982) lots of 5 tonnes

ICO indicator prices (US cents per pound) for Sep 20 Comp. daily 72.93 (73.85) 15 day average 72.06 (71.95)

POTATOES – LCE				£/tonne
	Close	Previous	High/Low	
Apr	87.0	87.5	88.5	86.5

Turnover 33 (93) lots of 20 tonnes.

FREIGHT – LCE				$10/index point
	Close	Previous	High/Low	
Oct	1470	1470	1473	1465
Nov	1467	1478	1470	1465
Jan	1463	1470	1469	1460
Apr	1470		1473	1470
Jul	1306		1295	
Oct	1480		1470	
BFI	1416	1423		

Turnover 123 (68)

GRAINS – LCE				£/tonne
Wheat	Close	Previous	High/Low	
Nov	102.40	102.30	102.60	102.25
Jan	104.40	104.40	104.55	
Mar	106.30	106.20	106.30	
May	108.55	108.40	108.55	
Barley	Close	Previous	High/Low	
Sep	101.00		101.00	100.75

Turnover: Wheat116 (454) Barley 20 (15).
Turnover lots of 100 Tonnes.

LONDON METAL EXCHANGE				(Prices supplied by Amalgamated Metal Trading)		
	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 33,008 lots
Cash	1099.5-100.5	1113.5-4.5	1099.5/1099	1099-9.5		
3 months	1118-9	1133-3.5	1126/1115	1117.5-8.0	1119-20	241,806 lots
Copper, Grade A ($ per tonne)						Total daily turnover 71,921 lots
Cash	1739-9.5	1764-5	1743/1736	1736-6.5		
3 months	1749-50	1767-8	1766/1733	1745-6	1764-5	174,103 lots
Lead ($ per tonne)						Total daily turnover 3,073 lots
Cash	371-2	373-4		371.5-2.0		
3 months	385.5-6.0	387-8	386/384.5	384-4.5	385-6	22,865 lots
Nickel ($ per tonne)						Total daily turnover 7,850 lots
Cash	4190-5	4210-20		4140-5		
3 months	4240-5	4260-70	4250-200	4210-2	4245-50	45,845 lots
Tin ($ per tonne)						Total daily turnover 2,232 lots
Cash	4345-50	4325-30		4332-5		
3 months	4390-400	4375-80	4390/4360	4384-5	4380-2	10,880 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 14,854 lots
Cash	872.5-3.5	880.5-1.5		885-5.5		
3 months	899.5-900.5	907.5-8.0	903/887	902-2.5	899-900	80,763 lots

LME Closing £/$ rate:
SPOT: 1.5192 3 months: 1.5122 6 months: 1.5047 9 months: 1.4974

Copper and lead prices are now expressed in dollars per tonne

LONDON BULLION MARKET (Prices supplied by N M Rothschild)				
Gold (troy oz)	$ price		£ equivalent	
Close	353.10-353.50			
Opening	353.80-354.20			
Morning fix	354.30		230.409	
Afternoon fix	354.75		230.687	
Day's high	354.75-355.15			
Day's low	352.80-353.20			
Loco Ldn Mean Gold Lending Rates (Vs US$)				
1 month	2.70	6 months		2.59
2 months	2.62	12 months		2.59
3 months	2.61			
Silver fix	p/troy oz		US cts equiv	
Spot	266.55		410.75	
3 months	270.36		413.80	
6 months	273.90		417.05	
12 months	281.40		424.58	

GOLD COINS		
	$ price	£ equivalent
Krugerrand	353.50-356.50	229.00-232.00
Maple leaf	364.10-366.45	-
New Sovereign	83.50-88.50	54.00-56.00

TRADED OPTIONS				
Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Oct	Jan	Oct	Jan
1100	27	39	15	22
1125	15	28	28	33
1150	7	19	45	48
Copper (Grade A)	Calls		Puts	
1800	32	63	66	86
1850	17	44	101	115
1900	8	30	142	150
Coffee LCE	Nov	Jan	Nov	Jan
1200	105	124	33	61
1250	73	97	51	84
1300	53	76	81	113
Cocoa LCE	Dec	Mar	Dec	Mar
775	134	173	5	15
800	112	153	8	20
825	92	134	13	28
Brent Crude	Nov	Dec	Nov	Dec
1650	40	71	48	60
1700	20	47	-	-
1750	8	31	-	-

New York

GOLD 100 troy oz.; $/troy oz.				
	Close	Previous	High/Low	
Sep	362.9	353.6	0	0
Oct	363.2	353.8	364.0	359.0
Nov	364.0	354.6	0	0
Dec	365.0	355.5	365.5	354.6
Feb	366.7	357.2	367.2	357.0
Apr	368.3	358.8	366.3	358.6
Jun	370.0	360.4	370.0	361.2
Aug	371.7	[illegible]	0	0
Oct	373.4	363.8	0	0

PLATINUM 50 troy oz; $/troy oz.				
	Close	Previous	High/Low	
Oct	368.0	361.8	367.5	359.2
Jan	368.4	363.3	370.0	368.0
Apr	369.9	364.8	371.0	365.5
Jul	371.0	366.3	0	0
Oct	372.5	0	368.0	368.0

SILVER 5,000 troy oz; cents/troy oz.				
	Close	Previous	High/Low	
Sep	418.6	409.3	410.5	410.5
Oct	419.4	410.1	0	0
Nov	421.3	412.0	0	0
Dec	421.5	412.2	424.0	407.0
Jan	421.8	412.5	0	0
Mar	425.7	416.4	426.0	412.0
May	428.7	419.4	430.0	419.5
Jul	431.5	422.2	432.5	421.0
Sep	434.3	425.0	0	0
Dec	438.8	429.5	438.0	424.0

HIGH GRADE COPPER 25,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Sep	77.85	76.50	78.00	76.60
Oct	78.05	76.80	78.10	76.50
Nov	78.30	76.85	77.20	77.20
Dec	78.60	77.05	78.70	76.70
Jan	78.85	77.30	78.00	77.75
Feb	79.10	77.55	78.15	78.00
Mar	79.30	77.80	78.40	77.50
Apr	79.50	78.20	79.50	78.40
May	79.80	78.50	80.05	78.40
Jun	80.10	78.80	79.25	79.25

CRUDE OIL (Light) 42,000 US galls $/barrel				
	Latest	Previous	High/Low	
Oct	18.22	17.70	18.22	17.48
Nov	18.22	17.93	18.25	17.55
Dec	18.47	18.23	18.60	17.88
Jan	18.60	18.48	18.80	18.09
Feb	18.40	18.65	18.59	18.28
Mar	18.92	18.82	18.92	18.51
Apr	18.99	18.88	18.99	18.70
May	19.15	18.12	19.16	19.00
Jun	19.15	19.23	19.16	18.85
Jul	19.71	19.34	0	0

HEATING OIL 42,000 US galls. cents/US galls				
	Latest	Previous	High/Low	
Oct	54.60	53.73	54.60	52.46
Nov	55.20	54.37	55.30	53.25
Dec	56.00	55.35	56.10	54.25
Jan	56.45	55.95	56.45	54.80
Feb	55.80	56.20	55.90	55.15
Mar	55.25	55.45	55.30	54.80
Apr	53.60	54.60	54.10	53.70
May	53.75	53.75	0	0
Jun	53.15	53.35	53.20	53.10
Jul	53.60	[illegible]	0	0

COCOA 10 tonnes;$/tonnes				
	Close	Previous	High/Low	
Dec	1165	1177	1171	1146
Mar	1208	1225	1213	1193
May	1222	1243	1234	1209
Jul	1245	1264	1258	1244
Sep	1263	1284	1278	1262
Dec	1285	1306	0	0
Mar	1307	1328	1318	1294
May	1322	1343	1337	1307
Jul	1340	1364	0	0

COFFEE "C" 37,500lbs; cents/lbs				
	Close	Previous	High/Low	
Dec	77.10	81.45	81.90	77.00
Mar	79.55	83.70	84.10	79.25
May	81.00	84.90	85.00	80.70
Jul	82.30	85.95	86.15	82.30
Sep	83.50	87.10	87.10	86.60
Dec	87.25	88.75	83.00	89.00

SUGAR WORLD "11" 112,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Oct	9.66	9.79	9.74	9.57
Mar	10.15	10.25	10.23	10.11
May	10.20	10.33	10.32	10.19
Jul	10.28	10.41	10.36	10.28
Oct	10.29	10.45	10.40	10.35

COTTON 50,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Oct	57.15	56.90	57.75	56.75
Dec	58.83	58.54	59.35	58.18
Mar	60.13	60.00	60.75	59.70
May	60.73	60.60	61.25	60.70
Jul	61.40	61.45	61.90	61.70
Oct	61.85	61.77	0	0
Dec	61.70	61.85	62.15	61.40
Mar	62.20	62.37	0	0

ORANGE JUICE 15,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Nov	123.80	123.80	124.70	122.25
Jan	125.75	125.80	126.80	125.00
Mar	127.00	127.30	128.00	126.30
May	128.00	128.45	129.00	127.75
Jul	128.85	128.80	129.25	128.50
Sep	129.85	129.40	0	0
Nov	129.85	129.40	0	0
Jan	129.85	129.40	0	0

INDICES				
REUTERS (Base:September 18 1931 = 100)				
	Sep 21	Sep 20	mnth ago	yr ago
	1595.4	1604.7	1626.6	1579.6
DOW JONES (Base: Dec. 31 1974 = 100)				
	Sep 20	Sep 17	mnth ago	yr ago
Spot	120.63	121.82	123.24	119.17
Futures	129.89	126.52	125.26	116.39

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel				
	Close	Previous	High/Low	
Sep	650/4	657/4	663/0	648/0
Nov	632/2	639/6	645/4	630/0
Jan	638/4	645/6	651/0	636/0
Mar	644/6	651/2	656/0	642/0
May	647/6	654/0	659/4	645/4
Jul	650/6	657/2	662/4	649/4
Aug	648/0	654/0	659/0	648/0
Sep	633/0	636/0	640/0	632/4

SOYABEAN OIL 60,000 lbs; cents/lb				
	Close	Previous	High/Low	
Sep	23.36	23.62	23.75	23.25
Oct	23.31	23.57	23.70	23.16
Dec	23.43	23.68	23.81	23.25
Jan	23.50	23.86	23.82	23.30
Mar	23.52	23.67	23.78	23.30
May	23.45	23.60	23.77	23.30
Jul	23.39	23.52	23.65	23.20
Aug	23.20	23.32	23.20	23.20

SOYABEAN MEAL 100 tons; $/ton				
	Close	Previous	High/Low	
Sep	200.1	196.7	202.0	199.5
Oct	198.4	196.1	200.8	195.6
Dec	198.4	196.4	200.5	195.7
Jan	197.1	199.1	200.6	196.8
Mar	199.1	201.1	202.5	198.3
May	200.2	202.0	203.3	200.0
Jul	202.2	204.5	205.5	201.8
Aug	201.9	204.0	205.9	201.8

MAIZE 5,000 bu min; cents/56lb bushel				
	Close	Previous	High/Low	
Sep	236/0	239/4	242/0	239/0
Dec	242/6	244/2	246/2	241/4
Mar	250/4	252/0	254/2	249/4
May	255/6	256/6	258/6	254/6
Jul	258/6	259/6	261/4	257/4
Sep	254/2	254/0	255/4	253/0
Dec	248/4	248/4	250/0	247/4

WHEAT 5,000 bu min; cents/60lb-bushel				
	Close	Previous	High/Low	
Sep	303/0	301/4	304/0	303/0
Dec	311/6	310/2	313/4	311/0
Mar	316/6	315/2	318/2	316/0
May	313/4	312/4	316/0	313/2
Jul	306/4	305/6	307/4	306/0
Sep	310/4	309/6	0	0
Dec	318/4	317/6	0	0

LIVE CATTLE 40,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Oct	73.850	73.950	74.225	73.825
Dec	74.225	74.100	74.350	74.000
Feb	75.400	75.425	75.600	75.100
Apr	76.400	76.400	76.550	76.150
Jun	72.825	72.825	72.950	72.600
Aug	71.550	71.550	71.750	71.550
Oct	72.325	72.350	72.350	72.250

LIVE HOGS 40,000 lb; cents/lbs				
	Close	Previous	High/Low	
Oct	48.400	49.275	49.175	48.000
Dec	48.175	48.875	48.900	48.000
Feb	47.025	47.625	47.750	46.700
Apr	45.350	45.775	45.775	45.000
Jun	50.025	50.500	50.650	50.000
Jul	49.075	49.550	49.600	49.000
Aug	47.600	48.000	0	47.600
Oct	44.150	44.150	44.300	0

PORK BELLIES 40,000 lbs; cents/lb				
	Close	Previous	High/Low	
Feb	50.475	50.225	50.675	49.700
Mar	50.100	49.825	50.250	49.400
May	51.150	50.700	51.200	50.350
Jul	50.550	50.350	50.800	50.000
Aug	49.975	49.600	49.975	48.600

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...DAY SEPTEMBER 22 1993

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Chicago

Footsie struggles to hold on to 3,000

By Terry Byland,
UK Stock Market Editor

THE UK stock market, rescued towards the end of a confused trading session by a rally in government bond prices, managed to hold on to the Footsie 3,000 level yesterday, but only just. In early trading, this important benchmark was abandoned twice as equities reacted to the latest statistics on the domestic economy, as well as to developments on the global front.

At the day's low the FT-SE 100 Index was 14.5 down at 2,990, but most of the fall was recovered later. The closing reading put the index at 3,001.6 for a decline on the day of only 2.9 points.

The relatively steady performance in the London stock market was the more impressive since it contrasted with weakness on Wall Street, down 37 Dow points overnight and a further 22 points off early in the new session when London closed last night.

Sentiment was helped by the latest UK economic data for the second quarter. Final figures for the Gross Domestic Product were well received and the trade deficit appeared a little better than expected.

Shares opened lower and were further depressed by trading news from Tesco, the food retailer. However, market turnover was little better than on Monday, when retail, or customer, business dipped below £1bn for the first time for many weeks. Any optimism following the cut in Japanese interest rates was quickly scotched by a spokesman for the British government who, while returning from Japan with Mr John Major, the UK prime minister, said that domestic interest rates are "at the right level".

The stock market was met with £265m in rights issue calls, dominated by a not unexpected call for £215m from Tarmac, Britain's biggest housebuilder. The prospects for further rights issues calls continue to bear down on a stock market still unhappy with the corporate results flow; yesterday afternoon brought another profits warning, this time from Philip Harris, supplier of scientific and industrial equipment.

Revision of official figures on second quarter annualised GDP growth from 1.5 per cent to 2 per cent gave the stock market significant encouragement at mid-session.

"The data was very positive for the corporate sector," said Mr Ian Harnett of Strauss Turnbull. There were reports that economists at several leading market firms were considering firming up the year-end forecasts for the Footsie, which were raised as the market raced ahead at the end of last month.

However, for the immediate term the market remained confused, with traders reluctant to see the Footsie fall below 3,000 but evidently not confident enough to chase prices higher.

One factor was the unwillingness of the institutions to buy stock in spite of the market's now substantial fall from the trading peak on the Footsie of 3,100, reached at the end of August.

Trading volume remained low yesterday, although at 538.4m shares the Seaq total improved from Monday's lamentable figure of 442.9m. Non-Footsie business returned to more normal average levels to provide about 52 per cent of total business.

The FT-SE Mid 250 Index, which extends beyond the Footsie to cover a wide range of second line issues, climbed 5.4 to 3,429 yesterday.

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change
ASDA Group†	12,000	61¾	-½	Dalgety	1,400	485	-2	MB Caradon†	594	328		Siebe†	511	589	-2
Abbey National†	2,300	409	+5	De La Rue	239	871	+5	MEPC†	1,100	480	-6	Slough Ests	548	238	-2
Albert Fisher	1,100	84		Dixons	181	252		MFI	720	148		Smith (WH) A	596	487	
Allied-Lyons†	781	580	+1	Eastern Elect	1,200	587	+14	Manweb	204	698	+6	Smith & Nephew†	5,400	148	-½
Anglian Water†	117	545	-1	East Midland Elect	873	548	+12	Marks & Spencer†	2,600	382	+½	SmKl Beecham†	2,100	467	
Argos	797	341	+2	Eng China Clays	854	415	-3	Midlands Elect	287	587	+10	SmKl Beecham Uts†	1,500	384	-1
Argyll Group†	13,000	305	-2½	Enterprise Oil†	882	428	-2	Morrison (Wm)	454	134	-3	Smiths Inds	300	372	+4
Arjo Wiggins†	2,500	287		Eurotunnel Units	158	582	+8	NFC†	183	208	+2	Southern Elect	839	576	+13
Assoc. Brit. Foods†	215	487	-5	FKI	375	140		NatWest Bank†	1,900	500	+6	South Wales Elect	98	618	+6
Assoc. Brit Ports	98	445	-2	Fisons	4,700	187		National Power†	1,500	398	+2	South West Water	115	554	+6
BAA†	1,100	846	+9	Foreign & Col. I.T.	448	341½	+½	Next	2,100	234	+1	South West. Elect	276	576	+14
BAT Inds†	2,400	464	-5	Forte†	1,700	228	-2	North West Water†	353	[illegible]	-2	Southern Water	17	584	-2
BET	3,200	125½	+1	Gen. Accident†	549	685	-1	Northern Elect	591	613	+5	Standard Chartd†	640	[illegible]	-1
BICC	1,000	412	-4	General Elect†	3,900	345	+2	Northern Foods†	1,800	268		Storehouse	1,700	228	
BOC†	1,800	642	-2	Glaxo†	7,700	630	-12	Norweb	711	605	+10	Sun Alliance†	586	373	
BP†	6,500	301	+6	Glynwed Intl	17	388	+1	Pearson†	1,300	618	-4	T&N	384	188	+2
BPB Inds	2,900	291	+3	Granada†	1,800	487	-8	P & O†	835	680		TI Group†	1,400	386	+3
BT†	7,400	425½		Grand Met†	2,300	421	-4	Pilkington	2,000	153	+1	TSB†	2,300	209	+3
BT (Part Pd)	4,900	181½	+1	GUS A†	507	[illegible]	[illegible]	PowerGen†	1,300	416	+4	Tarmac	11,000	145½	-1½
BTR†	7,500	366	-5	GRE†	1,900	214	+2	Prudential†	3,300	330	-1	Tate & Lyle	1,200	372	+8
Bank of Scotland†	1,400	188	+5	GKN	382	495	+5	RMC†	800	734	-7	Taylor Woodrow	1,500	113	+1
Barclays†	2,400	503	+1	Guinness†	2,400	460	-6	RTZ†	2,800	[illegible]		Tesco†	14,000	211	-4
Bass†	1,200	479	+6	HSBC (75p shares)†	3,000	[illegible]	-2	Racal	380	228	-4	Thames Water†	239	555	
Blue Circle†	890	271	-1	Hammerson 'A'	478	358	-4	Rank Org†	1,300	791	+9	Thorn EMI†	1,000	988	+9
Booker	196	410	-2	Hanson†	8,400	268½	+½	Reckitt & Colman†	1,100	[illegible]	+2	Tomkins†	5,700	232	
Boots†	2,400	480	-5	Harrisons Crosfield†	697	187	+1	Redland†	580	500		Trafalgar House	645	69½	
Bowater†	3,800	452	-3	Hillsdown	1,300	181	-3	Reed Intl†	1,600	780		Unigate	48	387	
Brit. Aerospace†	1,500	415	-1	IMI	182	284	+2	Rentokil†	526	238	-2	Unilever†	1,300	[illegible]	-3
British Airways†	7,400	346	-3	ICI†	1,900	701	-6	Reuters†	516	1519	-31	United Biscuits†	321	352	-1
British Gas†	6,800	325½	-1	Inchcape†	705	530	-6	Rolls Royce†	7,400	164		Utd. Newspapers	829	551	+1
British Land	69	376	-2	Johnson Matthey	591	458		Rothmans†	1,500	[illegible]	+3	Vodafone†	1,900	482	-11
British Steel†	14,000	112½	+1	Kingfisher†	2,300	655	-3	Ryl Bk Scotland†	3,500	311	+7	Warburg (SG)	391	776	-8
Bunzl	251	185		Kwik Save	341	705	+1	Royal Insurance†	1,200	282	+2	Wellcome†	1,100	712	+2
Burmah Castrol†	123	788		Ladbroke†	3,500	198	-3	Saatchi	5,200	[illegible]	-1	Welsh Water	273	645	+4
Burton	6,200	73½	+2	Land Securities†	679	678		Sainsbury†	4,100	449	-7	Wessex Water	73	650	-3
Cable & Wire†	1,900	895	+17	Laporte	381	630	+2	Scottish & New†	683	444	+4	Whitbread A†	2,300	530	-4
Cadbury Schweppes†	1,700	487	-2	Legal & General†	514	478	-5	Scot. Hydro-Elect.	842	316	+1	Williams Hldgs†	1,000	329	-3
Calor Group	38	285	+1	Lloyds Abbey	1,000	438	-1	Scottish Power†	4,100	323	+3	Willis Corroon	2,500	227½	-1½
Carlton Comms†	1,200	729	-7	Lloyds Bank†	1,700	552	-6	Sears†	4,200	115	+2	Wimpey	1,300	169	-2
Coats Viyella†	1,000	254	-2	LASMO	5,700	137	+3½	Sedgwick	1,600	187		Wolseley†	395	639	-2
Comm. Union†	349	608	+7	London Elect	1,200	564	+5	Seeboard	581	654	+11	Yorkshire Elect	250	569	+11
Cookson	1,600	284	-2	Lonrho	591	129	-1	Severn Trent Water†	1,100	554	+1	Yorkshire Water	189	567	
Courtaulds†	704	516	+1	Lucas	1,400	161		Shell Transport†	2,800	[illegible]	+1	Zeneca†	1,700	713	-3

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down. † Indicates an FT-SE 100 index constituent

Account Dealing Dates

*First Dealings:		
Sep 6	Sep 20	Oct 4
Option Declarations:		
Sep 16	Sep 30	Oct 14
Last Dealings:		
Sep 17	Oct 1	Oct 15
Account Day:		
Sep 27	Oct 11	Oct 25

*New time dealings may take place from two business days earlier.

FT-SE Actuaries Share Indices THE UK SERIES

FT-SE 100	FT-SE MID 250	FT-A ALL-SHARE
3001.6 -2.9	3429.0 +5.4	1492.99 -0.73

	Sep 21	Day's change %	Sep 20	Sep 17	Sep 16	Year ago	Dividend yield %	Earnings yield %	P/E Ratio	Xd adj ytd	Total Return
FT-SE 100	3001.6	-0.1	3004.5	3005.5	3003.9	2586.0	3.90	5.73	21.64	79.17	1091.43
FT-SE Mid 250	3429.0	+0.2	3423.6	3425.7	3421.2	2399.4	3.54	5.88	20.89	74.42	1233.72
FT-SE Mid 250 ex Inv Trusts	3445.5	+0.2	3439.7	3441.3	3437.0	2408.5	3.64	6.28	19.51	76.08	1235.17
FT-SE-A 350	1505.4	—	1508.0	1506.6	1505.5	1241.2	3.82	5.77	21.41	38.10	1120.90
FT-SE SmallCap	1762.79	-0.2	1766.15	1766.72	1769.01	–	3.16	3.93	34.98	33.49	1327.28
FT-SE SmallCap ex Inv Trusts	1764.77	-0.2	1768.50	1768.68	1771.31	–	3.33	4.33	32.79	34.94	1330.09
FT-A ALL-SHARE	1492.99	—	1493.72	1494.29	1493.42	1218.28	3.78	5.65	21.96	37.19	1131.38
1 CAPITAL GOODS(214)	1051.82	-0.1	1053.30	1055.35	1053.36	778.22	3.88	[illegible]	31.90	26.92	1243.19
2 Building Materials(28)	1158.88	-0.1	1160.05	1166.12	1166.50	788.48	3.93	3.30	42.51	25.83	1345.48
3 Contracting, Construction(38)	1025.28	—	1025.48	[illegible]	1025.51	612.27	3.21	1.27	80.00†	18.54	1423.03
4 Electricals(15)	3055.81	-0.7	3076.85	3063.88	3051.14	2187.06	4.43	3.51	35.59	85.27	1240.88
5 Electronics(35)	2892.50	+0.2	2887.45	2867.74	2846.54	2027.12	2.99	5.77	21.21	84.82	1267.53
6 Engineering-Aerospace(7)	430.16	+0.2	429.31	427.61	425.78	314.39	3.39	‡	‡	7.66	1489.88
7 Engineering-General(49)	603.69	—	603.64	605.69	608.74	472.16	3.59	5.77	20.99	14.37	1214.00
8 Metals & Metal Forming(10)	449.96	+0.6	447.28	445.52	443.89	324.97	2.43	‡	‡	6.85	1422.87
9 Motors(23)	447.95	+0.4	446.13	449.99	449.65	326.75	4.93	4.22	33.03	16.72	1250.12
10 Other Industrials(19)	2119.81	-0.7	2134.30	2145.18	2139.89	1768.86	4.68	5.91	19.97	68.08	1103.94
21 CONSUMER GROUP(236)	1692.80	-0.4	1700.01	1699.94	1698.20	1518.94	3.48	6.66	18.18	36.85	988.22
22 Brewers and Distillers(29)	1914.18	-0.4	1921.48	1925.37	1914.40	2013.29	3.87	8.07	14.96	42.50	937.59
25 Food Manufacturing(24)	1339.57	-0.3	1343.34	1340.88	1337.90	1184.20	3.81	7.09	16.77	29.87	1035.40
26 Food Retailing(17)	2774.31	-0.8	2799.02	2783.09	2795.14	2682.22	3.37	9.36	13.27	53.01	870.25
27 Health & Household(27)	3511.22	-0.8	3539.43	3543.66	3530.92	4306.79	3.80	6.60	17.69	86.19	847.27
29 Hotels and Leisure(20)	1408.88	-0.1	1409.86	1412.44	1418.53	1055.19	4.18	6.85	21.39	45.61	1137.68
30 Media(34)	2110.10	-0.7	2125.51	2123.91	2121.76	1604.12	2.45	4.81	25.14	35.27	1177.77
31 Packaging and Paper(25)	879.15	-0.4	882.93	883.65	886.99	728.18	3.37	6.30	22.84	20.33	1154.10
34 Stores(39)	1278.46	+0.2	1275.49	1274.95	1278.77	1035.02	2.43	5.48	23.16	21.03	1121.34
35 Textiles(20)	838.92	-0.2	840.50	845.23	845.58	662.97	3.71	5.80	22.58	21.15	1153.03
40 OTHER GROUPS(144)	1603.78	+0.2	1600.86	1596.17	1591.53	1281.88	4.03	[illegible]	17.38	43.00	1149.85
41 Business Services(27)	1852.18	—	[illegible]	1850.67	1850.81	1342.78	2.83	7.21	15.75	24.02	1102.21
42 Chemicals(24)	1548.17	-0.4	1555.55	1554.33	1568.28	1431.85	[illegible]	0.38	‡	47.07	1123.65
43 Conglomerates(11)	1531.95	+0.2	1528.78	1527.46	1519.37	1289.02	5.00	7.01	16.09	46.35	1144.41
44 Transport(16)	3160.49	+0.3	3151.68	3171.18	3174.84	2468.31	3.66	4.11	28.78	87.38	1180.37
45 Electricity(17)	2031.44	+1.3	2004.79	[illegible]	1974.36	1330.09	3.90	11.17	11.12	63.87	1346.60
46 Telephone Networks(4)	1860.68	+0.2	1857.34	1838.41	1825.49	1471.97	3.64	5.82	20.99	34.68	1127.85
47 Water(13)	3725.01	+0.1	3722.15	3712.56	3742.17	2742.89	4.76	11.62	9.51	106.71	1185.36
48 Miscellaneous(32)	2419.59	-0.7	2436.41	2436.20	2423.35	2148.94	4.37	7.97	14.69	82.31	1014.50
49 INDUSTRIAL GROUP([illegible])	1515.85	-0.2	1518.32	1517.39	1514.61	1301.17	3.75	6.24	19.93	38.71	1065.97
51 Oil & Gas(18)	2562.73	+0.6	2548.94	2582.29	2569.36	2015.74	4.40	6.25	20.02	71.88	1180.01
59 "500" SHARE INDEX(617)	1609.55	-0.1	1610.66	1612.32	1610.63	1368.88	3.82	6.24	19.59	39.68	1095.51
61 FINANCIAL GROUP(90)	1125.22	+0.1	1123.70	1121.14	1122.82	743.77	3.83	3.30	45.36	31.45	1130.74
62 Banks(9)	1523.17	+0.7	1513.20	1504.98	1514.28	1020.47	3.53	4.06	33.92	44.08	1323.38
65 Insurance (Life)(6)	2022.58	-0.4	2031.40	2052.22	2043.41	1525.63	4.54	4.75	26.50	71.36	1193.78
66 Insurance (Composite)(7)	708.50	+0.2	705.83	701.82	702.25	511.31	4.74	‡	‡	20.75	1166.96
67 Insurance Brokers(10)	888.41	-0.6	894.63	897.58	897.47	698.18	4.37	4.71	31.22	25.53	1186.87
68 Merchant Banks(6)	794.82	-1.8	809.16	809.27	804.58	[illegible]	2.81	5.72	21.72	14.85	[illegible]
69 Property(25)	1028.72	-0.6	1035.04	1036.98	1025.91	521.31	3.94	3.02	33.72	21.20	1650.07
70 Other Financial(23)	[illegible]	-0.4	439.95	[illegible]	441.02	241.47	3.54	4.87	26.93	8.67	1486.45
71 Investment Trusts(111)	1638.06	—	1637.46	1640.40	1638.15	1148.84	2.52	2.01	[illegible]	27.38	1250.27
99 FT-A ALL-SHARE(818)	1492.99	—	1493.72	1494.29	1493.42	1218.28	3.78	5.65	21.96	37.19	1131.38

Hourly movements

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	High/day	Low/day
FT-SE 100	2995.6	3004.5	2997.7	[illegible]	2990.4	2990.7	2993.4	2997.6	2999.0	3004.7	[illegible]
FT-SE Mid 250	3420.7	3425.4	3425.3	3424.2	3422.7	3423.7	3426.3	3427.9	3428.4	3429.0	3420.3
FT-SE-A 350	1502.2	1506.1	1503.6	1503.2	1500.4	1500.6	1501.9	1503.6	1504.7	1506.2	1500.3

Time of FT-SE 100 high: 8.59am low: 12.06pm

FT-SE Actuaries 350 Industry Baskets

Hourly	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	Close	Previous close	change
Constrn	1946.2	1944.5	1944.3	1944.3	1948.2	1946.2	1946.1	1942.7	1948.0	1947.6	1947.3	+0.3
Health & H	[illegible]	1061.1	1058.7	1056.5	1052.7	1052.5	1054.6	1053.6	1057.6	[illegible]	1067.0	-8.7
Water	1533.7	1538.8	1529.6	[illegible]	1527.7	1527.5	1534.2	1534.6	1538.3	1539.0	1536.8	+1.2
Banks	1840.4	1844.5	1841.5	1840.5	1837.5	[illegible]	1838.6	[illegible]	1850.3	1851.4	1839.3	+12.1

Additional information on the FT-SE Actuaries Share Indices is published in Saturday issues. Lists of constituents are available from The Financial Times Limited, One Southwark Bridge, London SE1 9HL. The FT-SE Actuaries Share Indices Service, which covers a range of electronic and paper-based products relating to these indices, is available from FINSTAT at the same address.
The increase in the size of the FT-Actuaries All-Share Index from January 4 1993 means that the FT 500 now contains more stocks. It has been renamed the FT "500". † Sector P/E ratios greater than 80 are not shown. ‡ Values are negative.
The FT-SE 100, the FT-SE Mid 250 and the FT-SE Actuaries 350 Indices are compiled by the London Stock Exchange and the FT-Actuaries All-Share Index is compiled by The Financial Times Limited, both in conjunction with the Institute of Actuaries and the Faculty of Actuaries under a standard set of ground rules.

"FT-SE" and "Footsie" are joint trade marks and service marks of the London Stock Exchange and The Financial Times Limited. The FT-SE Actuaries Share Indices are audited by The WM Company.

Tesco traded heavily

VOLUME in food retailer Tesco jumped to a hefty 13m shares, making it the day's most actively traded stock, as analysts downgraded full-year profits estimates after the company reported figures just short of market expectations.

Profits came in at £261.5m, against £252.8m previously, and the dividend was increased by 9 per cent. However, market forecasts for profits ranged from £265m to £270m. Having initially fallen 7 to 208p, the shares steadied to end 4 off at 211p. Reseachers were particularly disappointed by the decline in margins. There was also concern that the company's refocused pricing proposition may lead to stiffer competition from rivals; and there were suggestions that Tesco may have overvalued its property portfolio.

Researchers reduced full year profits expectations, with UBS said to have cut its estimate by £30m to £600m. Mr David Shriver at NatWest Securities issued a more severe profits downgrade, reducing his year-end estimate by £42m to £612m. He said: "Tesco is now in a position to articulate the way forward; the strategy is clearer but in the short term the impact of investment in margins will not be beneficial to the bottom line."

Tarmac rights

News that Tarmac, Britain's largest housebuilder, was asking for £215m by way of a rights issue came as no surprise whatever to sector analysts, who had been predicting such action for several months. But some specialists sounded unconvinced by the board's plans for the new cash injection, commenting on the group's change of view on the prospects in the domestic housing market.

The shares eased by a couple of pence to 145½p with some traders maintaining that the stock is overvalued by as much as 20 per cent. Mr Robert Donald at NatWest Securities said that, on his own forecast that share earnings of 10p are likely in 1995, he would be prepared to pay the 120p a share price for the rights issue, but not the current price in the stock market.

However, the share price ticked up to around 151p in initial response to news of the rights issue, which was understood to be easily underwritten. Mr Mark Hake at Nikko Europe said the market may wait to see if Tarmac overpays for the additions to its land bank for which the fund-raising is intended.

After considering the trading statement and rights issue proposals, analysts at UBS are believed to have recommended the stock to clients.

Thorn in demand

The takeover battle in the US between QVC Network and Viacom for US entertainment group Paramount turned the spotlight on Thorn EMI in the UK. The shares advanced 9 to 988p, as Hoare Govett recommended the stock. The broker believes the stock should be a beneficiary from a revaluation of companies with lucrative copy right. Thorn is one of the world's largest music publishers.

Dealers said it was the sentiment from the battle for Paramount that was responsible for the advance in Rank. The shares gained 9 to 791p.

The combination of a stock overhang with reports that UBS had advised investors to "take profits" depressed Reuters leaving the shares to decline 31 to 1519p.

Business services company Hays Group improved 5 to 255p after reporting a 20 per cent jump in full year profits.

Shares in scientific and industrial equipment supplier Philip Harris tumbled 50p to 154p, after it stunned the market with a profits warning. The company said profits this year were unlikely to match last year's levels blaming weakness in both international and UK markets.

Favourable comment that followed improved results at Morgan Crucible helped the shares add another 3 to 326p.

Pharmaceutical stocks were out of favour ahead today's announcement of the US administration's health care reform proposals. Glaxo retreated 12 to 630p after trade of 5.7m, while Zeneca eased 3 to 713p. However two way business helped Wellcome reverse an earlier decline and the shares finished 2 better at 712p.

In chemicals, shares in industrial chemicals group Yule Catto fell 18 to after it announced a one-for-six rights issue at 215p to raise £29.7m, to finance its purchase of a 50 per cent stake in German company Synthomer Chemie, and reduce short term borrowings. Half time profits at the Yule slipped to £9.3m from £10.2m though the company was upbeat about prospects for the second half.

A statement on the transmission business of the Scottish electricity companies from the electricity industry regulator, Offer, helped all UK electricity stocks as the market welcomed both its reference to a 6 per cent rate of return and its indication that the body will attempt to encourage lower cost producers.

The statement was expected to be positive for Scottish stocks but coming ahead of Offer's planned review of the distribution business of all UK electricity companies this spread the warm glow South as the market expects the regulator to adopt consistent criteria.

Eastern Electricity Company, the second lowest cost operator, which has one of the lowest rates of return closed up 14 at 587p. East Midland Electricity rose 12 to close at 548p, while Midlands Electricity closed up 10 at 587p, a rise matched by Norweb which ended the day at 605p. London Electricity closed up 5 at 564p.

Elsewhere in the sector Racal Electronics closed down 4 at 228p as selling against its sister company Chubb hurt the stock.

Disappointing figures from Tesco hit sentiment in the rest of the food retailing sector. J Sainsbury, a strong performer on Monday following a broker's recommendation, fell 7 to 449p. Wm Morrison which reports interim figures tomorrow shed 3 to 134p, while Iceland ended the session 4 lighter at 212p.

In the drinks sector, nervous trading in Guinness ahead of tomorrow's figures left the shares 6 lighter at 460p. Bargain hunters together with vague bid talk for Bass lifted the shares and they ended 6 up at 479p.

Reports after the market close that Saudi Arabia had ordered around 200 Piranha light armoured Vehicles were today expected to benefit GKN, which builds the vehicles. In trading yesterday, a stock shortage sent the shares 5 better at 495p.

Banking stocks went for a frustrating series of random walks which left the market struggling to explain the few features in a reasonably strong market which was bouyed by the overnight interest rate cut in Japan.

Schroders, the international merchant and investment banking group, yesterday won the distinction of the biggest fall on the FT-SE it so recently joined, with shares closing down 55 at £12.65.

The stock is not very liquid and the fall came on top of negligible volumes. One analyst pointed out that new entrants to the FT-SE often suffer falling share prices as dealers sell on the event.

Royal Bank of Scotland closed up 7 at 311p in fairly aggressive buying. The bank's financial year ends soon and the market is looking for the small clearer to turn out a good set of figures.

Analysts noted a marked differentiation between RBS, Abbey National (up 5 at 409p) and NatWest (up 6 at 500p) and Lloyds which fell 6 to 552p. Abbey National, depressed by a weak outlook for building societies, and NatWest, have underperformed the sector in recent weeks with yesterday's adjustment seen as an element of catch-up.

The main feature in oil stocks was BP which bounced up 6 to 301p on the back of a buy recommendation from a US firm of stockbrokers. The sector was lacklustre in spite of an overnight rise in the price of crude, with traders apprehensive about next Saturday's Opec meeting.

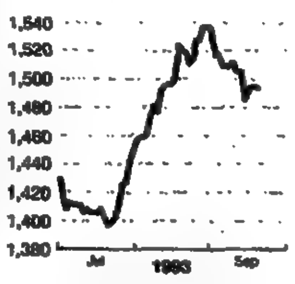
The worries held back the price of shares in Monument Oil and Gas, the small oil and gas company, which yesterday announced a third successful well in its Argentinian discovery. The price finished up a ha'penny at 51.5p.

It was also a squeeze that boosted Smiths Industries, the shares firming 4 to 372p.

MARKET REPORTERS:
Joel Kibazo,
Catherine Milton.

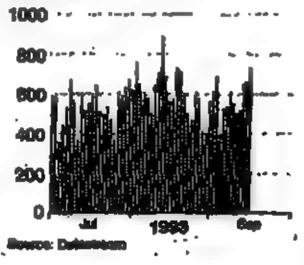
■ Other statistics, Page 23

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding: intra-market business and overseas turnover



Source: Datastream

NEW HIGHS AND LOWS FOR 1993

NEW HIGHS (84).
BANKS (2) Deutsche, Royal Bank of Scotland, BLDG MATLS (3) BPB Inds., Sharpe & Fisher, Sheffield Ins., CHEMS (2) BASF, Wolstenholme, CONGLOMERATES (1) Daimler-Benz, CONTG & CONSTRCN (5) Barratt Dev., Crest Nicholson, Gleeson (MJ), Green (E) & Part., Wilson Bowden, ELECTRICALS (1) Mentor-Swain, ELECTRICITY (15) East Midlands, Eastern, London, Manweb, Midlands, National Power, Northern, Northern Ireland, Norweb, Scott. Power, Seeboard, South Wales, South Western, Southern, Yorkshire, ELECTRONICS (2) Enterprise Computer, Kewill Systems, ENG GEN (2) Protean, Widney, FOOD RETAILING (2) Farepak, PhotoFrames, HEALTH & HSEHOLD (1) [illegible], HOTELS & LEIS (2) Buckingham Intl., City Centre Restaurants, INSCE COMPOSITE (1) Allianz, INV TRUSTS (10) Baring Stratton, Biotech Pf., City of Oxford Warrants, Fleming European Fledgling, Kleinwort Endowment Policy, Multitrust, Murray Split Cap. Zero Div. Pf., Sth. America Fd., Do. Wrnts., Sumit, MEDIA (6) Anglia TV, Chiltern Radio, HTV, LWT, Yorkshire Tyne-Tees TV, MTL & MTL FORMING (1) Metsec, MISC (6) Airsprung Furniture, Bluebird Toys, Eurocopy, Excalibur, Headlam, Minmet, Norbain Elcts., Ricardo, Silentnight, OIL & GAS (2) Europa Energy, Villiers, OTHER FINCL (1) Carlisle, PROP (4) Cap. & Reg., Cathay, Chesterfield, Peel, STORES (3) Flying Flowers, Goldsmiths, In Shops, TELE NETWORKS (1) GN Great Nordic, TEXTS (5) Faspel Trading, Helene, Jacques Vert, Jerome, Magellan, TRANSPORT (3) BAA, Seacon, Stagecoach, MINES (1) Anglo Pacific Res.
NEW LOWS (24).
BRITISH FUNDS (5) AMERICANS (1) Woolworth, BREWERS (2) Macallan-Glenlivet, Wolv. & Dudley, BUSINESS SERVS (1) REA, CONTG & CONSTRCN (1) Tily, ELECTRICALS (1) Burnfield, ELECTRONICS (2) Hewlett-Packard, Linx Printing Techs., FOOD RETAILING (1) Morrison (Wm) 5¾pc Pf., INSCE BROKERS (1) Alexander & Alexander, MISC (2) FII, Pedland, OIL & GAS (2) Midland & Scottish Res., NZ Oil & Gas, OTHER INDLS (2) Brunteliffe Aggregates., Harris (P), PACKG, PAPER & PRNTG (3) Dawick, SCA B, MINES (1) Devex.

FINANCIAL TIMES EQUITY INDICES

	Sep 21	Sep 20	Sep 17	Sep 16	Sep 15	Year ago	*High	*Low
Ordinary share	2324.6	2328.3	2331.0	2331.2	2321.2	1918.1	2414.2	2124.7
Ord. div. yield	4.00	3.99	3.99	3.99	4.01	4.61	4.52	3.82
Earning yld % full	4.71	4.70	4.69	4.70	4.72	6.72	6.28	4.51
P/E ratio net	27.08	27.16	27.19	27.17	27.04	[illegible]	28.30	19.40
P/E ratio nil	25.00	26.08	25.10	25.08	24.98	17.46	26.14	18.14
Gold Mines	174.9	174.3	169.1	168.9	155.0	[illegible]	249.2	68.0

*for 1993. Ordinary share index since compilation: high 2414.2 31/8/93 - low 49.4 26/6/40
Gold Mines index since compilation high: 734.7 15/2/83 - low 43.5 26/10/71
Base Ordinary share 1/7/35; Gold Mines 12/9/55.

Ordinary Share hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2321.3	2327.0	2321.8	2320.8	2315.6	[illegible]	2318.0	2320.6	[illegible]	2327.1	2315.4

Volume	Sep 21	Sep 20	Sep 17	Sep 16	Sep 15	Year ago
SEAQ Bargains	28,172	27,711	34,086	28,642	28,904	29,992
Equity Turnover(£m)†	-	983.3	1661.1	1751.3	1493.0	1995.4
Equity Bargains†	-	38,778	37,803	[illegible]	32,518	34,051
Shares traded (mil)†	-	444.2	730.3	[illegible]	649.5	873.6

† Excluding intra-market business and overseas turnover.

London report and latest Share Index
Tel. 0891 123001. Calls charged at 36p/minute cheap rate, 48p at all other times.

EQUITY FUTURES AND OPTIONS TRADING

A HIGHLY nervous session in derivatives yesterday mirrored the uncertainty in underlying equities, reports Terry Byland.

Trading volumes were unimpressive, especially in stock index futures, and prices tended to move erratically in response to activity in government securities after when-issued trading started in the bonds scheduled for auction.

The December contract on the FT-SE 100 Index fared a little better than the underlying market, holding on to the 3,000 mark even at the day's low, which came early in the session. A rally set in on the announcement of the official data on domestic trade and GDP, and the contract advanced to 3,026, a premium of about 4 on fair value of 24. Only 8,929 contracts were done, however.

The final reading of 3,023 showed December effectively in line with fair value. Traders said that several UK based securities houses had successfully arbitraged against equities, buying the future and selling stocks.

Traded options recorded 23,186 contracts, against 19,509 previously, but the FT-SE 100 option saw only 9,864, compared with 9,141 on Monday. The Euro FT-SE option headed the actives list but with only 2,047 lots transacted. Also busy was the Tarmac option, turning over 1,781 as the market took a generally cautious view of the trading results and of the rights issue call which accompanied them.

LONDON SHARE SERVICE

BRITISH FUNDS

Notes	Price £	+ or -	1993 high	1993 low	Yield Int.	Yield Red.
"Shorts" (Lives up to Five Years)						
Treas 13¼pc 1993‡‡	101⅛	-1/32	106⅜	101⅛	13.08	5.72
8½pc 1994	100⅝	-1/32	102⅝	100⅝	8.42	5.65
14½pc 1994‡‡	107⅝	—	109¼	103⅞	13.48	5.61
Exch 13½pc 1994	104⅛xd	—	109⅜	104⅛	12.91	5.67
Treas 10pc Ln 1994‡‡	102⅝	-1/32	103⅝	102⅜	9.71	5.85
Exch 12½pc 1994	106⅛	-1/32	110⅜	106⅛	11.79	5.80
Treas 9pc 1994‡‡	103⅝	-1/32	105⅝	103⅝	8.68	5.64
12pc 1995	106	—	111⅝	106	11.31	5.70
Exch 3pc Gas 90-95	97⅛	—	97⅛	94	3.09	4.67
10¼pc 1995	107⅝	—	109⅝	107⅛	9.52	5.78
Treas 12¾pc 1995‡‡	113½	-1/32	118⅝	113½	11.23	5.94
14pc 1996	117⅛	-1/32	122⅝	117⅛	11.98	6.02
15¼pc 1996‡‡	121⅝	—	126⅝	121⅝	12.54	6.14
Exch 13¼pc 1996‡‡	117	—	120⅛	116½	11.32	6.17
Conversion 10pc 1996	110⅝	—	111½	108⅝	9.05	6.26
Treas 13¼pc 1997‡‡	120⅛	-1/16	122⅛	118⅝	11.02	6.40
Exch 10½pc 1997	112⅝	—	113⅝	110⅛	9.34	6.38
Treas 8¾pc 1997‡‡	106⅛	—	108	105½	8.09	6.36
Exch 15pc 1997	129⅝xd	—	132⅝	127⅝	11.57	6.62
9¾pc 1998	111⅝	—	112⅝	108⅛	8.71	6.52
Treas 7¼pc 1998‡‡	[illegible]	-1/16	100⅝	96⅝	7.38	6.41
7¼pc 1998 B‡‡	[illegible]	-1/16	100⅜	[illegible]	7.02	6.41
Treas 6¾pc 1995-98‡‡	100⅝	-1/16	101¼	97⅝	6.70	6.19
14pc '96-1	127⅝	-1/16	130⅝	123⅝	10.98	6.89
Five to Fifteen Years						
Treas 15½pc '98‡‡	136⅝xd	-1/16	139⅝	133⅝	11.34	6.75
Exch 12pc 1998	121⅝	-1/16	123⅝	118⅝	9.84	6.65
Treas 9½pc 1999‡‡	112⅛	-1/16	113½	108⅛	8.46	6.69
Exch 12¼pc 1999	124⅛xd	-1/16	125⅝	120⅛	9.87	6.81
Treas 10½pc 1999	117⅛	-1/16	118⅛	112⅝	8.95	6.78
Conversion 10¼pc 1999	117⅛	-1/16	118⅝	113⅛	8.75	6.79
9pc 2000‡‡	111⅛	-1/16	113	108	8.07	6.74
Treas 13pc 2000	131⅝	-1/16	132⅛	125½	9.89	7.08
10pc 2001	117⅛	-1/16	118⅝	109⅝	8.54	6.99
7pc '01 (£57¼pd)‡‡	[illegible]	-1/16	[illegible]	57⅞	[illegible]	6.87
9¾pc 2002	117⅛	-1/16	118⅝	108⅝	8.33	7.13
8pc 2003‡‡	105⅝	-1/16	106⅞	97⅛	7.59	7.03
8pc 2003 A‡‡	[illegible]	-1/16	[illegible]	102⅝	7.59	7.03

BRITISH FUNDS - Cont.

Notes	Price £	+ or -	1993 high	1993 low	Yield Int.	Yield Red.
10pc 2003	119⅝	-1/32	122⅛	109⅝	8.36	7.19
Treas 11½pc 2001-4	124⅝xd	-1/16	128⅝	116⅝	9.27	7.27
Funding 3½pc '99-4	79	+1/16	81⅛	67⅝	4.43	6.17
Conversion 9½pc 2004	116⅝xd	-1/16	118⅛	105⅝	8.14	7.26
9½pc 2005	117⅛xd	-1/16	118⅝	106⅝	8.12	7.27
Treas 12½pc 2003-5	134⅝	-1/16	137⅝	124⅛	9.28	7.53
7¾pc 2006‡‡	103⅛	-1/16	106⅛	94⅝	7.47	7.28
8pc 2002-6‡‡	104⅛xd	-1/16	107	94⅛	7.65	7.29
Treas 11¾pc 2003-7	128	-1/16	130⅛	118⅝	9.16	7.50
Treas 8½pc 2007‡‡	110⅛	-1/16	112⅛	97⅛	7.72	7.30
8½pc 2007 C (£30)‡‡	61⅛	-1/16	62⅛	59⅝	7.76	[illegible]
13½pc '04-8	142⅝xd	-1/16	146⅝	131⅛	9.46	7.53
Over Fifteen Years						
Treas 9pc 2008‡‡	114⅝xd	-1/16	117¼	101¼	7.83	7.32
8pc 2009	105⅝xd	-1/16	106⅛	92⅛	7.66	7.35
Conv 9pc Ln 2011‡‡	116⅝	-1/16	118⅝	100½	7.76	7.36
Treas 9pc 2012‡‡	116⅝	-1/16	118⅛	100⅛	7.73	7.36
Treas 5½pc 2008-12‡‡	84⅛	-1/16	[illegible]	70¼	6.47	6.92
Treas 8pc 2013‡‡	106⅝xd	-1/16	108⅝	90⅝	7.51	7.36
7¾pc 2012-15‡‡	104⅝	-1/16	106⅛	89⅝	7.41	7.31
Treas 8¾pc 2017‡‡	115⅛	-1/16	117⅝	97⅛	7.58	7.35
Exch 12pc '13-'17	149⅝	-1/16	149⅝	125⅝	8.04	7.53
Undated						
Consols 4pc	53	-1/16	54⅛	[illegible]	7.55	-
War Loan 3½pc‡‡	47¼	-1/16	48⅛	[illegible]	7.41	-
Conv 3½pc '61 Aft.	66⅝xd	-1/16	67⅝	60⅝	5.29	-
Treas 3pc '66 Aft.	39⅛xd	-1/16	40⅝	33⅝	7.65	-
Consols 2½pc	34⅛xd	-1/16	35⅛	28⅝	7.29	-
Treas. 2½pc	33⅝xd	-1/16	34⅛	27⅝	7.58	-

BRITISH FUNDS - Cont.

Notes	Price £	+ or -	1993 high	1993 low	Yield (1)	Yield (2)
Index-Linked (b)						
Treas. 2pc '94 (102.9)	135⅛	–	136⅛	131⅝	–	0.15
2pc '96 (67.9)	198⅝	-⅛	198⅝	184⅝	1.53	2.45
4⅝pc '98‡‡ (135.6)	109⅞xd	-⅛	110⅝	105⅛	1.97	2.64
2½pc '01 (78.3)	169⅝xd	-⅛	169⅝	159	2.70	3.09
2½pc '03 (78.8)	164⅝	-⅛	165⅝	155	2.86	3.15
4⅛pc '04‡‡ (135.6)	112⅛xd	-⅛	113½	105½	2.91	3.21
2pc '06 (69.5)	174⅛	-⅛	178⅛	169¼	2.99	3.13
2½pc '09 (78.8)	158⅝	-⅛	160⅝	144	3.01	3.23
2½pc '11 (74.6)	165⅝	-⅛	167⅝	148⅝	3.09	3.23
2½pc '13 (89.2)	137⅝	-⅛	139⅝	122⅛	3.08	3.24
2½pc '16 (81.6)	148⅛	-⅛	149⅝	130⅝	3.07	3.24
2½pc '20 (83.0)	143⅛xd	-⅛	145⅛	124⅝	3.11	3.25
2½pc '24‡‡ (97.7)	120⅛	-⅛	122⅛	102⅝	3.10	3.23
4⅛pc '30‡‡ (135.1)	120½	-⅛	122½	100⅛	3.12	3.23

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for January 1993: 137.9 and for August 1993: 141.3.

OTHER FIXED INTEREST

Notes	Price £	+ or -	1993 high	1993 low	Yield Int.	Yield Red.
African Dev 11¼ 2010	132⅛	-1⅛	139	115⅝	8.42	7.63
Asian Dev 10¼pc 2009	122⅛	-⅛	[illegible]	108⅝	8.39	7.62
B'ham 11½pc 2012	129⅝	—	131⅛	114	8.90	8.41
Ireland Cap 8½pc '10	110⅝	—	120	95	7.67	-
9pc Cap 1996	106½	—	118	97½	8.46	-
13pc '97-2	[illegible]	—	130	110	10.83	-
Hydro Quebec 15pc 2011	160⅛	-1⅛	162⅛	130⅛	9.42	8.46
Leeds 13½pc 2006	140½	—	142¼	128	9.61	8.40
Liverpool 3½pc Irred	40½	—	41½	34	8.64	-
LCC 3pc '20 Aft	37½	—	37½	30½	8.00	-
Manchester 11½pc 2007	127	—	128¼	114	9.08	8.25
Met. Wtr. 3pc 'B'	72½	—	73½	63¼	4.14	7.01
N'wide Anglia 3¾pc 2021	139⅝	—	141	117½	-	4.08
4⅛pc IL 2024	136	—	138½	115½	-	4.03
Utd Mex States 16½pc 2008	145	—	147	139¼	11.36	-

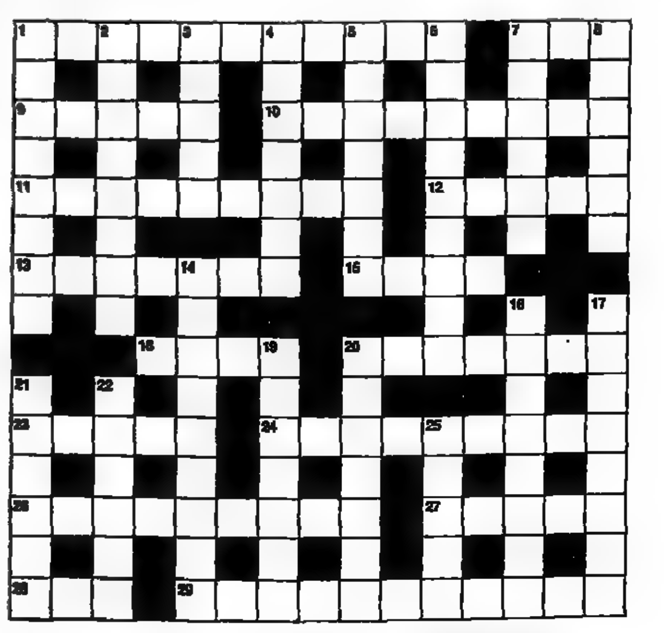
Continued on next page

CROSSWORD

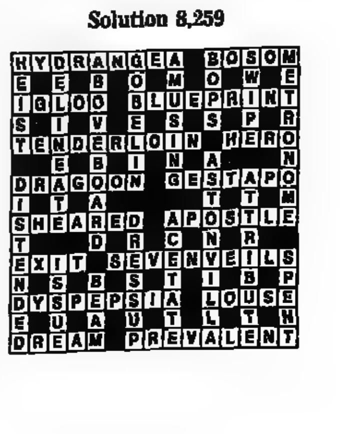
No.8,260 Set by ALAUN

ACROSS
1 Betrayal that would make someone like you furious (6-5)
7 The request for help is not quite fair (3)
9 Confused lady follows direction unhappily (5)
10 Only a few inches long, is trodden on (9)
11 Keeps talking to confuse the issue (7,2)
12 Name of the horse I entered (5)
13 As opposed to the new fire wood source (7)
15 I'll order, young lady (4)
18 So over half got shot (4)
20 Where, in America, we'd run into bad visibility (7)
23 It's called, on the front page, a crash (5)
24 The inference made from the withdrawal (9)
26 XX XX (3,6)
27 By giving back the ring, had acquired the single state (5)
28 Rise and, turning, go off (3)
29 Does one contribute to party funds? (6,5)

DOWN
1 Destroy your application (8)
2 Modernising calendars? (8)
3 A true alloy is a mixture (5)
4 Would you expect him to sail into his opponents? (7)
5 I'll give you a clue for it in a second! (7)
6 Got up with difficulty and cooked the breakfast? (9)
7 Washes and combs (6)
8 He's not lying – it's easy (6)
14 Is it intended to cover a soldier's grey hairs? (6,3)
16 Think chum, the tide is coming back in (8)
17 And, carried by the porter, are conspicuous (5,3)
19 Does he see that the hospital is kept neat and tidy? (7)
20 "The crazy kid", I interposed, "became president of America" (7)
21 Shoot right in the lip (6)
22 A run on the laptop computer (6)
25 Having caught the fish, hang on to it (5)



Solution 8,259



JOTTER PAD

LONDON SHARE SERVICE

AMERICANS

	Notes	Price £	+ or -	1993 high	low	Mkt Cap£m	Yld Gr's
Abbott Labs		18⅝xd	+1⅛	26⅞	15⅝	16,697	2.8
Allegheny & W	♥	498p	—	722p	399p	285.3	4.0
Amdahl		382p	-16	551p	294p	429.0	0.9
Amer Cyanamid		35⅝	-⅞	38⅝	31¾	3,200	3.3
Amer Express		22⅞xd	+⅛	25⅜	14⅞	10,668	3.0
Amer T & T		39½xd	-⅛	43¾	33⅛	51,881	2.3
Ameritech		57⅛	-1½	58¾	46	25,011	4.4
Anheuser-Busch		30⅞	-½	41¼	30⅞	8,457	3.0
BankAmerica		30¼xd	-⅛	30⅞	27⅛	10,932	3.0
Bankers NY		61⅞xd	-⅛	54⅜	42⅝	4,138	4.1
Bell Atlantic		41⅜	-⅛	42⅞	32¼	17,574	4.3
BellSouth		39⅝	-⅛	41	32⅞	19,698	4.7
Bethlehem Steel	♥	8⅝xd	—	13¼	8½	803.3	—
Bowater		1227pxd	+2	1662p	1207p	444.6	3.3
CPC		28⅞xd	-⅞	34⅝	26	4,458	2.9
California Engy		1149p	—	1479p	1086p	289.2	—
Chase Manhattan		23⅝xd	+¼	24½	17⅝	3,687	3.4
Chrysler		29⅞xd	+⅜	32⅛	21¼	8,629	1.4
Citicorp		23⅞xd	-⅛	23⅞	13⅞	8,567	—
Colgate-Palm		34⅞xd	+⅛	45⅝	32	5,319	2.8
Cont'l Bank		1669p	—	1677p	1278p	1,679	2.4
Dana		35⅝xd	-⅞	37⅞	28⅞	1,635	3.0
Data General		546p	-19	951p	527p	150.4	—
Decora Inds	♥	119p	—	146p	104p	—	—
Dun & Brad		40¼	-⅞	42⅝	37⅛	7,176	4.1
Eaton		33⅛	-⅛	39½	25⅞	2,304	2.4
Echlin		18⅝xd	-½	28½	15⅞	1,071	2.6
FPL		28½xd	-⅛	27⅝	23⅛	4,814	6.3
Ford Motor		35⅞xd	+⅛	39½	28⅞	17,849	1.9
Gen Elect		63⅝xd	-⅛	67⅞	53⅝	54,338	2.7
General Host	♥	486p	+22	723p	456p	—	4.8
Gillette		38⅝xd	—	42⅝	31⅞	8,072	1.5
Hasbro		20⅞	—	26⅞	20⅞	1,619	0.8
Honeywell		23½xd	-⅛	26½	20⅞	4,794	2.6
Houston Inds		36⅞	-⅛	33¼	36¼	3,934	6.6
Ingersoll-Rand		24⅞xd	-⅞	25¼	19⅛	2,582	1.9
Lockheed		40⅝	-⅛	45⅞	35⅛	2,618	3.5

CANADIANS

[illegible]

BANKS

[illegible]

BREWERS & DISTILLERS

[illegible]

BUILDING MATERIALS

[illegible]

BUSINESS SERVICES

	Notes	Price	+ or -	1993 high	low	Mkt Cap£m	Yld Gr's
ADT $		850	-15	876	483	882.5	-
Adam & Harvey		228	—	228	198	9.76	6.6
Air London		78	—	92	58	8.85	5.8
African Lakes		47	—	55	37	3.31	5.3
Automated Sec	N□	147	—	178	125	167.4	4.5
BET	N□	125½	+1	138	84	1,172	3.2
BMB Res		100	—	101	41	24.1	6.1
BPP	†	311	—	318	258	81.8	3.2
Barbour Index		219	—	286	195	38.4	4.6
Black & Edg	□	1¼	—	1½	0½	0.89	—
Boustead	□	22	—	24	15	19.6	‡
Bridgend	□	24	—	27	12	7.04	2.1
Brit Data Mangt	□	246	—	265	184	58.3	2.5
Brit Fittings	†□	83	+3	88	45	19.8	2.3
Brooks Service		65	—	73	54	7.83	-
Business Post	□	163	—	164	131	81.5	2.2
CRT	N□	165xd	-2	169	86	55.4	3.3
Capita	†	190	-1	193	139½	80.1	1.4
Caskel	N□	43	—	45	31	34.4	2.3
Chiltern Capital AS		21	—	55	19½	19.5	-
Christie Group	N	48	—	51	26	11.3	-
Chubb Security	W□	338	-9	378	228	838.8	1.8
Comac		97	+2	100	18	6.23	1.9
Corp Servs	□	33	—	34	5½	9.81	-
Coutts Consulting		49	—	92	20	11.7	-
Dart		108	-1	110	50	18.5	3.8
Davis Service	N□	224xd	-4	258	198	228.0	4.5
EW Fact		95	—	104	85	5.10	5.7
Gardiner	□	31	—	32	11	33.2	‡
Hays	□	255	+5	257	215	1,027	2.6
Hogg Robinson	N□	225	-3	248	174	155.7	3.7
Holmes Protect $		36	—	70	35	19.8	-
Hutch Whamp HKS	♥	193	—	208	127	6,705	2.4
ISS B DKr		£19		£20⅞	29¾	403.5	5.6
Inchcape	N□	633	+5	637	519	2,792	3.3
Intl Food Machinery	□	78xd	—	84	62	11.3	2.2

[illegible]

CHEMICALS

[illegible]

CONGLOMERATES

[illegible]

CONTRACTING & CONSTRUCTION

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS - Cont.

[illegible]

ELECTRICITY

[illegible]

ELECTRONICS

[illegible]

ENGINEERING-AEROSPACE

[illegible]

ENGINEERING-GENERAL

[illegible]

ENGINEERING-GENERAL - Cont.

[illegible]

FOOD MANUFACTURING

[illegible]

FOOD RETAILING

[illegible]

HEALTH & HOUSEHOLD

[illegible]

HOTELS & LEISURE

[illegible]

HOTELS & LEISURE - Cont.

[illegible]

INSURANCE BROKERS

[illegible]

INSURANCE COMPOSITE

[illegible]

INSURANCE LIFE

[illegible]

INVESTMENT TRUSTS

[illegible]

INVESTMENT TRUSTS - Cont.

[illegible]

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

Net asset values supplied by NatWest Securities Limited as a guide only. See guide to London Share Service.

INVESTMENT COMPANIES

Net asset values supplied by NatWest Securities Limited as a guide only. See guide to London Share Service.

MEDIA

MERCHANT BANKS

METALS & METAL FORMING

MISCELLANEOUS

MOTORS

OIL & GAS

OIL & GAS - Cont.

OTHER FINANCIAL

OTHER INDUSTRIALS

PACKAGING, PAPER & PRINTING

PACKAGING, PAPER & PRINTING - Cont.

PROPERTY

STORES

STORES - Cont.

TELEPHONE NETWORKS

TEXTILES

TRANSPORT

WATER

SOUTH AFRICANS

PLANTATIONS

MINES

MINES - Cont.

	Notes	Price	+ or -	1993 high	1993 low	Mkt Cap£m	Yld Gr's
Europa Mins		32	—	42	16	18.4	-
Glencar Expl IE		12	—	12	6	2.22	-
Greenwich Res		13¾	—	22½	5	10.7	-
Hemlo Gold C$		65½	-⅛	65½	£3½	544.3	1.6
Ivernia West IE		42	—	57	31	21.1	-
Kells Mins IE		11	—	14	6	0.27	-
Kenmare		6½	—	13½	6	0.61	-
Metrogas Res		6½	—	28½	7½	1.05	-
Naven Res IE		92	—	102	35	15.7	-
5pc Ln Notes		65¼	—	65¼	26	15.6	-
Oryx Gold		75½	—	76½	47	-	-
TYOwens Res IE		6	—	8	3½	0.55	-
RTZ		684	—	740	607	7,270	3.9

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- □ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ).
- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ◆ Figures or report awaited
- ● Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ Free annual/interim report available, see details below.
- ✤ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Not officially UK listed; dealings permitted under Rule 535(2)
- § Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ◆ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ◆ Unregulated collective investment scheme.

a Yield based on preliminary figures. s Dividend yield excludes a special payment. t Indicated dividend yield, p/e ratio based on latest annual earnings. u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings. ... official estimates for 1993. K Yield based on prospectus or other official estimates for 1992-93. L Estimated annualised yield, p/e based on latest annual earnings. M Yield based on prospectus or other ... T Figures assumed. W Pro forma figures. Z Dividend yield to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; dl ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1235 a year for each security shown, subject to the Editor's discretion.

FT Free Annual Reports Service

You can obtain the current annual/interim report of any company annotated with ♣ . Ring 081 643 7181 (open 24 hours including weekends) or fax 081 770 3822, quoting the code FT3185. (If calling from outside UK, dial +44 81 643 7181 or fax +44 81 770 3822) Reports will be sent the next working day, subject to availability. If faxing please remember to state the weekly changing FT code above and also your post code.

FT Cityline

Up-to-the-second share prices are available by telephone from the FT Cityline service. See Monday's share price pages for details.

An international service is available for callers outside the UK, annual subscription £250 stg.

Call 071-873 4378 (+44 71 873 4378, international) for more information on FT Cityline.

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

AUTHORISED UNIT TRUSTS

[illegible]

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (¥) - 0001 to 1100 hours; (♦) - 1101 to 1400 hours; (▲) - 1401 to 1700 hours; (#) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH
Tel: 071-379-0444.

OTHER UK U[illegible]

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

Standard Life Tst Mgmt Ltd (0730)H

Jupiter Merlin Unit Trust Managers Ltd

Lazard Brothers & Co. Ltd

Lazard Investors Ltd ‡

Allied Dunbar Assurance Plc - Contd.

American Life Insurance Co UK

City of Westminster Assurance (z)

Friends Provident

Irish Life Assurance Co Plc

M & G Life and M & G Pensions - Contd.

MGM Assurance (z)

Norwich Union Life Insurance Soc. - Contd.

INSURANCES

OTHER UK UNIT TRUSTS

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

Provident Mutual Life Assc. Assn. - Contd.

	Bid Price	Offer Price	+ or -	Yield Gross
Pension Funds				
Managed Ord	584.8	615.6	-0.5	-
Managed Init	410.1	431.7	-0.4	-
Equity Ord	903.3	950.8	-0.7	-
Equity Init	628.6	660.6	-0.6	-
Pen Ind Lkd Gilt Ord	233.1	245.4	-0.6	-
Pen Ind Lkd Gilt Init	170.7	179.7	-0.5	-
Overseas Equity Ord	420.1	442.2	-0.7	-
Overseas Equity Init	294.8	310.1	-0.6	-
Property Ord	301.2	317.1	+0.2	-
Property Init	211.2	222.3	-	-
Fixed Interest Ord	362.7	381.8	-0.3	-
Fixed Interest Init	254.3	267.7	-0.3	-
Deposit Ord	291.7	307.1	-	-
Deposit Init	204.6	215.4	-	-

Prudential Assurance Co
Holborn Bars, London EC1N 2NH 071-405 9222

	Bid Price	Offer Price	+ or -	Yield Gross
Prufund				
Managed Sep 16	315.8	329.0	-	-

Prudential Corporate Pension Funds
55 King's Road, Reading RG1 3AH 0734 494652

	Bid Price	Offer Price	+ or -	Yield Gross
Prudential Managed Funds				
Discretionary Sep 8	£247.93	255.76	-4.18	-
Equity Sep 8	£280.40	290.22	-3.64	-
International Sep 8	£41.39	42.49	-1.46	-
Int'l Bond Sep 8	£21.13	21.38	-0.28	-
Fixed Int Sep 8	£132.19	132.69	+0.16	-
Index Linked Sep 8	£38.05	37.29	+0.38	-
Property Sep 8	£113.74	120.16	+0.29	-
Cash Sep 8	£33.02	33.92	+0.05	-
Pru-Linked Retirement Plan				
Managed Sep 8	580.30	604.50	-6.70	-
Cash Sep 8	308.90	319.70	+0.30	-
Prudential Pensions Investment Account				
Pens Mngd	231.40	246.80	+1.00	-
Pens Mngd A	103.60	109.10	+0.40	-
Pens UK Eq	392.70	423.80	+0.30	-
Pens Intl	290.20	311.00	+2.40	-
Pens Global Eqty	131.10	138.10	+0.40	-
Pens Fixed	297.80	314.00	-0.30	-

Scottish Amicable - Contd.

	Bid Price	Offer Price	+ or -	Yield Gross
Life Funds (Second Series)				
Managed	118.6	125.9	-0.20	-
Equity	116.3	122.6	-	-
Property	104.3	109.8	-	-
International	131.3	138.3	-0.70	-
Japanese	121.5	127.9	-1.60	-
Asia Pacific	146.4	154.2	+0.30	-
European	117.0	123.2	-0.10	-
American	147.1	154.9	-1.30	-
Fixed Interest	136.4	143.6	-1.00	-
Index-Linked Gilt	128.5	135.3	-0.20	-
Cash	110.6	116.4	-	-
Pension Funds				
Building Society	175.6	184.9	-	-
Managed (Init)	247.0	260.0	-0.60	-
Managed (Acc)	497.1	523.3	-1.20	-
Equity (Init)	279.3	294.1	-0.40	-
Equity (Acc)	562.4	592.1	-0.80	-
Property (Init)	152.2	160.3	-	-
Property (Acc)	306.4	322.6	-0.01	-
International (Init)	246.6	259.6	-1.70	-
International (Acc)	496.3	522.5	-3.40	-
Fixed Interest (Init)	241.0	253.7	-1.60	-
Fixed Interest (Acc)	485.1	510.7	-3.00	-
Cash (Init)	153.6	161.8	-	-
Cash (Acc)	309.1	325.4	-	-
Others				
Capital Guarantee Bond	103.7	109.2	-	-

Scottish Equitable Life Assce. Soc.
28 St Andrew Sq, Edinburgh 031-556 9101

	Bid Price	Offer Price	+ or -	Yield Gross
Mixed	237.0	249.5	-0.6	-
UK Equity	225.2	237.1	-0.1	-
International	238.9	251.5	-1.6	-
American	237.2	249.7	-1.1	-
European	225.2	237.1	+0.2	-
Japan	247.2	260.2	-2.8	-
Pacific	333.8	351.4	-1.1	-
Technology	310.1	326.4	-1.2	-
Fixed Interest	179.8	189.4	-0.9	-
Indexed Linked	162.3	170.8	-0.3	-
Foreign Bond/Currency	225.7	237.6	-0.5	-

OFFSHORE INSURANCES

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

هكذا من الأصل

FT MANAGED FUNDS SERVICE

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JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

[illegible]

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

D-Mark weakens on M3 data

THE DOLLAR soared sharply against the D-Mark last night in London following news that president Boris Yeltsin had suspended the Russian parliament, *writes James Blitz.*

For most of the day in London, the D-Mark had been confined to the DM1.6005 to DM1.6200 range that has been established against the dollar.

But the disolution of the Russian Congress and news that vice-President Alexander Rutskoi had named hismelf President sent the dollar soaring.

The US currency tends to perform well at times of international crisis, while D-Mark investors have sometimes been concerned at times of crisis in Russia by the level of German economic investment in the former Soviet Union.

The dollar peaked at DM1.6425 against the D-Mark after earlier closing in London at DM1.6195. The dollar also performed strongly against the yen, peaking at Y107.30 against the Japanese currency.

Earlier in the day, strong figures for August US home starts lifted the dollar to its highs when New York opened. The 7.8 per cent jump was seen by most analysts as a long-awaited correction to what has been a disappointing sector of the economy.

The D-Mark also had a mixed performance against the dollar and European currencies as dealers had different interpretations about the latest figure for German monetary growth.

The August figure for M3 monetary growth has been the source of rumour and counter-rumour in recent days, with wild estimates as to its level.

Some dealers found the annualised figure of 7.2 per cent rather lower than expected, considering that this had been a period of intense Bundesbank intervention in the exchange rate mechanism, and took the view that this figure could help the Bundesbank to cut rates.

That view seemed to hold sway in the trading of some cross rates. The D-Mark closed weaker against the French franc at FFr3.487 from a previous FFr3.491.

However, the German currency was much stronger against other European currencies. Sterling closed at DM2.4675 from a previous DM2.4700.

The larger-than-expected cut in the Japanese discount date applied no downward pressure on the yen at the start of European trading.

But the yen fell back later in Europe as dealers took the view that the cut would mean that the US would not take a confrontational stand against Japan when the two sides meet in Washington later this week. Before the news from Russia, the Japanese yen had closed at Y106.30 from a previous Y104.25.

"The dollar/yen rate is a political animal above all," said Mr Jeremy Hawkins, economic adviser at Bank of America, "and as long as the politics between the US and Japan remain calm there is no reason why the dollar should not go a lot higher."

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Sep 21	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator‡
Dutch Guilder	2.19672	2.14779	-2.23	7.78	-
D-Mark	1.94964	1.91164	-1.95	7.47	-
Spanish Peseta	154.250	152.943	-0.85	6.28	6
Portuguese Escudo	192.854	195.471	1.36	3.97	-9
Irish Punt	0.808628	0.821309	1.57	3.75	-11
Belgian Franc	40.2123	40.9295	1.78	3.53	-13
French Franc	6.53883	6.68118	2.18	3.13	-18
Danish Krone	7.43679	7.83687	5.38	0.00	-37

[illegible]

£ IN NEW YORK

[illegible]

STERLING INDEX

[illegible]

CURRENCY RATES

[illegible]

CURRENCY MOVEMENTS

[illegible]

OTHER CURRENCIES

Iran	2439.00 - 2445.00	1583.00 - 1585.00
Korea(Sth)	1233.50 - 1253.35	807.90 - 814.30
Kuwait	0.45940 - 0.46040	0.29900 - 0.29950
Luxembourg	52.55 - 52.65	34.50 - 34.60
Malaysia	3.9080 - 3.9150	2.5460 - 2.5470
Mexico	4.7755 - 4.7785	3.1050 - 3.1070
N.Zealand	2.7730 - 2.7770	1.8030 - 1.8055
Saudi Ar	5.7505 - 5.7620	3.7495 - 3.7505
Singapore	2.4445 - 2.4510	1.5930 - 1.5930
S.Af (Cm)	5.2270 - 5.2380	3.4065 - 3.4080
S.Af (Fn)	7.1400 - 7.1555	4.6425 - 4.6525
Taiwan	41.35 - 41.55	26.90 - 27.00
U.A.E.	5.6305 - 5.6456	3.6715 - 3.6735

POUND SPOT - FORWARD AGAINST THE POUND

[illegible]

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

[illegible]

EURO-CURRENCY INTEREST RATES

[illegible]

EXCHANGE CROSS RATES

Sep.21	£	$	DM	Yen	F Fr.	S Fr.	N Fl.	Lira	C $	B Fr.	Pta	Ecu
£	1	1.523	2.468	162.0	8.606	2.160	2.77[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
$	0.657	1	1.620	106.4	5.650	1.418	1.819	1589	1.328	34.54	129.4	0.852
DM	0.405	0.617	1	65.64	3.487	0.875	1.122	980.0	0.819	21.31	79.86	0.526
YEN	6.173	9.401	15.23	1000.	53.12	13.33	17.10	14747	12.48	324.7	1217	8.012
F Fr.	1.162	1.770	2.868	188.3	10.	2.510	3.219	2776	2.350	61.13	229.1	1.508
S Fr.	0.463	0.705	1.143	75.00	3.984	1	1.282	1106	0.936	24.35	91.25	0.601
N Fl.	0.361	0.550	0.891	58.48	3.106	0.780	1	862.5	0.730	18.99	71.16	0.469
Lira	0.418	0.638	1.033	67.81	3.602	0.904	1.159	1000.	0.846	22.02	82.50	0.543
C $	0.495	0.753	1.221	80.12	4.256	1.068	1.370	1182	1	26.01	97.48	0.642
B Fr.	1.901	2.895	4.692	308.0	16.36	4.106	5.266	4542	3.844	100.	374.7	2.468
Pta	0.507	0.773	1.252	82.19	4.366	1.096	1.405	1212	1.026	26.69	100.	0.659
Ecu	0.770	1.173	1.901	124.8	6.629	1.664	2.134	1841	1.558	40.52	151.8	1.

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100: Pesets per 100.

FINANCIAL FUTURES AND OPTIONS

[illegible]

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls October	Calls December	Calls March	Puts October	Puts December	Puts March
121	-	-	-	-	0.20	0.12
122	-	1.78	-	0.03	0.40	-
123	0.57	1.13	-	0.15	0.73	-
124	0.12	0.67	-	-	1.23	-
125	0.03	0.34	-	-	-	-
Open Int	56,096	183,789	34,853	38,287	186,825	21,078

Estimated volume 38,548 † Total Open Interest 489,886

† All Yield & Open interest figures are for the previous day.

* Contracts traded on APT. Closing prices shown.

POUND - DOLLAR

FT FOREIGN EXCHANGE RATES

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.5230	1.5192	1.5125	1.5045	1.4904

BASE LENDING RATES

	%
Adam & Company	6
Allied Trust Bank	6
AIB Bank	6
●Henry Ansbacher	6
B & C Merchant Bank	13
Bank of Baroda	6
Banco Bilbao Vizcaya	6
Bank of Cyprus	6
Bank of Ireland	6
Bank of India	6
Bank of Scotland	6
Barclays Bank	6
Brit Bk of Mid East	6
●Brown Shipley	6
CL Bank Nederland	6
Citibank NA	6
City Merchants Bank	6
Clydesdale Bank	6
The Co-operative Bank	6
Coutts & Co	6
Credit Lyonnais	6
Cyprus Popular Bank	6
Duncan Lawrie	6
Exeter Bank Limited	7
Financial & Gen Bank	7
●Robert Fleming & Co	6
Girobank	6
●Guinness Mahon	6
Habib Bank AG Zurich	6
●Hambros Bank	6
Heritable & Gen Inv Bk.	6
●Hill Samuel	6
C. Hoare & Co	6
Hongkong & Shanghai	6
Julian Hodge Bank	6
●Leopold Joseph & Sons	6
Lloyds Bank	6
Meghraj Bank Ltd	6
McDonnell Douglas Bk.	6
Midland Bank	6
Mount Banking	6
NatWestminster	6
Nykredit Mortgage Bnk	6.5
●Rea Brothers	6
* Roxburghe Bank Ltd	6
Royal Bk of Scotland	6
●Smith & Williamson Secs.	6
Standard Chartered	6
TSB	6
●United Bk of Kuwait	6
Unity Trust Bank Plc	6
Western Trust	6
Whiteaway Laidlaw	6
Wimbledon & Sth West	7
Yorkshire Bank	6

* (In administration)

● Members of British Merchant Banking & Securities Houses Association

MONEY MARKETS

M3 number disappoints

EUROPEAN dealers revised down their projections for interest rate cuts in France and Germany yesterday after the latest figures for German M3 monetary growth came in a little higher than had been expected, *writes James Blitz.*

In recent days, Bundesbank officials had led dealers to believe that the figure for M3 monetary growth in August would not be as high as had been anticipated. This was the month when the German central bank engaged in heavy intervention to support ailing currencies in the exchange rate mechanism, and original estimates had been for an annualised figure well above an annualised 8 per cent.

UK clearing bank base lending rate 6 per cent from January 26, 1993

Far from calming the market, the Bundesbank's comments caused a flurry of expectation late last week that the figure would turn out to be very low at around 4.5 per cent to 5.0 per cent. So, when the final figure turned out to be 7.2 per cent from 7.4 per cent in July, there was some disappointment.

There was also some disappointment after the Bundesbank again announced a fixed rate repo in this week's money market operations at 6.70 per cent. There had been hopes for a return to the variable rate, although, with call money still well above the discount rate at 6.90 per cent, there might have been a chance of bids coming in higher.

Euromark interest rate futures were down on all this news, with the December contract falling 5 basis points to close at 93.92.

French franc interest rate futures fell much more heavily, with the December contract dropping 14 basis points to close at 93.64. At this level it is pricing 3 month money at the end of the year at 6.34 per cent, compared to yesterday's cash rate of 7.25 per cent. There probably needs to be official easing in France very soon if December is not to be sold off.

In the Japanese interest rate futures market, the 75 basis point cut in the country's discount rate was larger than expected. The December contract rose 14 basis points to close at 97.51. Three month yen cash dropped ⅛ per cent to around 2$\frac{5}{16}$ per cent.

The sterling market was comparatively quiet. Three month money closed about $\frac{1}{16}$ per cent softer at 5⅞ per cent. A shortage of £1.7bn was forecast at the start of the day by the Bank of England, most of which was taken out in the early round of trading.

FT LONDON INTERBANK FIXING

(11.00 a.m. Sep 21)	3 months US dollars		6 months US Dollars	
	bid 3$\frac{3}{16}$	offer 3$\frac{5}{16}$	bid 3¼	offer 3⅜

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK

Lunchtime		Treasury Bills and Bonds			
Prime rate	6	One month	2.80	Three year	4.20
Broker loan rate	5	Two month	3.01	Five year	4.79
Fed.funds	3¼	Three month	3.00	Seven year	4.97
Fed.funds at intervention	-	Six month	3.15	10-year	5.42
		One year	3.40	30-year	6.09
		Two year	3.89		

Sep 21	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	6.85-7.00	6.75-6.85	6.65-6.75	6.50-6.65	6.30-6.40	7.25
Paris	7¼-7⅜	7.10-7.40	-	7.00-7.25		6.75
Zurich	4⅝-4⅞	4¾-4⅞	-	4⅝-4¾	-	-
Amsterdam	6.38-6.50	6.38-6.48	-	6.25-6.35	-	-
Tokyo	2½-2¾	-	-	-	-	-
Milan	8$\frac{15}{16}$-9$\frac{3}{16}$	9-9$\frac{1}{16}$	-	9-9$\frac{1}{16}$	-	-
Brussels	9¼-9⅞	9½-9⅝	-	8$\frac{15}{16}$-9$\frac{1}{16}$	-	-
Dublin	6⅝-6¾	6¾-6⅞	6$\frac{11}{16}$-6$\frac{13}{16}$	6$\frac{11}{16}$-6$\frac{13}{16}$	6½-6⅝	-

LONDON MONEY RATES

Sep 21	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	6⅛	[illegible]	[illegible]	[illegible]	5⅞	5⅞
Interbank Bid	3	[illegible]	[illegible]	[illegible]	5¾	5¾
Sterling CDs	-	-	5⅞	[illegible]	5¾	[illegible]
Local Authority Deps.	5⅞	[illegible]	[illegible]	[illegible]	5⅞	5⅞
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps	5½	[illegible]	-	-	-	-

[illegible]

MONEY MARKET FUNDS

Money Market Trust Funds

[illegible]

Money Market Bank Accounts

[illegible]

LEGAL NOTICES

THE INSOLVENCY ACT 1986
WISLEY CONTRACTS LIMITED

[illegible]

By Order of the Board
Mr David Frederick Philpott
Director
14 September 1993

INSOLVENCY ACT 1986
RIVERBUS LIMITED

NOTICE IS HEREBY GIVEN that we, Vivian Murray Bairstow and Neil Hunter Cooper of Robson Rhodes, 186 City Road, London EC1V 2NU were appointed Joint Liquidators of the above-named company on 20th August 1993 by the Members and Creditors.

Dated 13 September 1993

Vivian Murray Bairstow and Neil Hunter Cooper
Joint Liquidators

COMPANY NOTICES

DIMOSIA EPIHIRISIS ELEKTRISMOU
(Public Power Corporation)
ECU Denominated Floating Rate Notes due 1997

NOTICE IS HEREBY GIVEN that for the Interest Period commencing on 23rd September, 1993, the Notes will bear interest at the rate of 7⅞% per annum. The interest payable on 23rd December, 1993 against Coupon No. 29 will be ECU 19.90625 per ECU 1,000 nominal.

Fiscal Agent
ROYAL BANK OF CANADA EUROPE LIMITED

PERSONAL

WORLD STOCK MARKETS

AUSTRIA

September 21	Sch	+ or -
Austrian Airlines	1,820	-80
Bank Austria	1,005	+5
Creditanstalt Pf	745	+3
EA General	3,551	-9
EVN	1,114	+1
Lenzing	840	-6
Oemv	783	+13
Perlmooser Zement	925	—
Radex Heraklith	407	-3
Steyr Daimler	161	-7
Veitscher Magnesit	309	+3
Verbund (Br) A	612	+3
Vienna Int Airport	484	—
Wienerberger	3,840	-25

BELGIUM/LUXEMBOURG

September 21	Frs.	+ or -
AG Group	2,515	+10
Ackermans	3,300	+20
Almanij	7,680	-20
Arbed	3,580	—
BBL	3,835	+10
Bank Intl a Lux	15,550	+50
Banq Gen Lux Pts	21,100	—
Banque Nat Belg	34,675	-125
Bekaert	18,500	—
CBR Ciment	11,250	+175
CMB	2,095	+35
Cobepa	4,930	-40
Cockerill Priv	131	+3
Colruyt	5,250	-230
Delhaize Frs Lion	1,114	+14
Electrabel	5,900	+10
Electrabel AFV1	5,700	+10
Electrafina ACT	2,570	+10
GBL	3,350	-70
GBL AFV 1	3,280	—
GIB Group	1,152	-8
Generale Banque	8,650	-100
Gevaert	7,750	-60
Glaverbel	3,625	+75
Immobel	3,980	-20
Kredietbank	7,580	-120
Kredietbank AFV	7,480	-10
Mecaniver	5,800	-50
Mosane	1,490	-10

FRANCE (continued)

September 21	Frs.	+ or -
BIC	1,320	+28
BSN	865	-3
BNP Cert Inv	269.60	-8.50
Bancaire Cie	512	-10
Bongrain	2,830	+1
Bouygues	680	+2
CGIP	1,258	+18
Canal+	1,207	-23
Cap Gemini S	209.50	-2.30
Carnaudmetalbox	197	-1.20
Carrefour	3,285	-13
Casino	163	-5.80
Chargeurs	1,105	+5
Club Mediterranee	389.80	-3.40
Coparex Int	852	-7
C C F	248.80	+3.80
Cr Fonc France	1,181	-19
Cred Lyon (CI)	670	-18
Credit Local Fr	423.10	-2.80
Credit National	648	-7
Damart	5,070	+20
Docks de France	624	+4
Dollfus Mieg Cie	319	+2
EBF	895	+7
Eaux Cie Genl	2,502	+8
Essilor	531	+5
Elf Aquitaine	388.30	+1.30
Elf Aquitaine Certs	355	+7.20
Elf Sanofi	1,000	+5
Eridania B-Say	798	+2
Eridania B-Say CI	684	+4
Essilor Int	549	+18
Eux	2,250	—
Eurafrance	1,980	-20
Euro RSCG	615	—
Euro Disney	57.80	—
Fibacial	155	+1.80
Fonc Lyonnaise	781	-17
Fromageries Bel	4,680	-1
GTM-Entrepose	525	+4
Gal. Lafayette	1,840	+2
Gaumont (Soc N)	710	+18
Geophysique	838	-12
Havas	473.40	-2.60
Imetal	458.10	-8.90
Imm de France	1,123	-2
Immobanque	880	+8
Interob Pharm	134.20	-80

INDICES

NEW YORK

DOW JONES	Sep 20	Sep 17	Sep 16	Sep 15	1993 HIGH	1993 LOW	Since compilation HIGH	Since compilation LOW
Industrials	3575.80	3613.25	3630.85	3633.85	3652.09 (25/8)	3241.95 (20/1)	3652.09 (25/8/93)	41.22 (2/7/32)
Home Bonds	108.50	108.29	109.27	109.20	109.69 (13/9)	105.49 (11/1)	109.69 (13/9/93)	54.99 (1/10/81)
Transport	1616.38	1621.06	1625.35	1624.29	1683.08 (16/4)	1453.84 (4/1)	1683.08 (16/4/93)	12.32 (8/7/32)
Utilities	252.70	254.02	254.22	254.46	256.46 (31/8)	217.14 (8/1)	256.46 (31/8/93)	10.50 (8/4/32)

DJ Ind. Day's High 3632.81 (3637.28) Low 3557.58 (3580.83) (Theoretical)◆
Day's High 3621.07 (3630.85) Low 3575.82 (3600.89) (Actual)◆

STANDARD AND POOR'S

	Sep 20	Sep 17	Sep 16	Sep 15	1993 HIGH	1993 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	455.05	458.83	459.43	461.00	463.56 (31/8)	429.05 (8/1)	463.56 (31/8/93)	4.40 (1/6/32)
Industrials†	511.30	515.84	518.95	519.59	524.98 (10/3)	486.46 (26/4)	524.98 (10/3/93)	3.62 (21/6/32)
Financial	47.35	47.57	47.55	47.70	48.24 (10/9)	39.89 (8/1)	48.24 (10/9/93)	8.64 (1/10/74)
NYSE Composite	252.77	254.86	254.94	255.67	256.88 (31/8)	236.21 (8/1)	[illegible] (31/8/93)	4.46 (28/4/42)
Amex Mkt. Value	451.05	452.81	452.88	453.74	461.57 (3/9)	395.84 (8/1)	461.57 (3/9/93)	29.31 (9/12/72)
NASDAQ Composite	740.21	740.11	738.80	732.56	749.71 (3/9)	645.87 (26/4)	749.71 (3/9/93)	54.87 (31/10/72)

	Sep 10	Sep 3	Aug 27	year ago (approx.)
Dow Industrial Div. Yield	2.81	2.80	2.80	3.12
	Sep 15	Sep 8	Sep 1	year ago (approx.)
S & P Industrial div. yield	2.47	2.49	2.45	2.63
S & P Ind. P/E ratio	27.84	27.57	28.07	27.77

NEW YORK ACTIVE STOCKS

Monday	Stocks traded	Closing price	Change on day
Natl Health Labs	3,784,800	15⅛	- 1⅞
Glaxo	3,700,700	19⅞	+ ⅛
Paramount	3,470,000	69⅝	+ 1⅛
RJR Nabisco	2,879,000	4⅝	- ⅛
Wal-Mart Stores	2,841,700	23⅝	- ¼
Baxter Intl	2,425,300	20¾	—
Merck	2,327,300	30½	- ⅞
Westinghouse El	2,116,900	13¼	- ½
Amer Express	2,028,300	34⅝	+ ⅝
Philip Morris	1,958,800	48⅝	- ⅞

TRADING ACTIVITY

† Volume (Millions)	Sep 20	Sep 17	Sep 16
New York SE	238.412	389.526	294.832
Amex	18.810	20.857	17.301
NASDAQ	228.852	263.186	220.147
NYSE			
Issues Traded	2,818	2,806	2,589
Rises	855	973	931
Falls	1,137	954	986
Unchanged	826	879	675
New Highs	82	75	63
New Lows	38	32	22

CANADA

TORONTO	Sep 20	Sep 17	Sep 16	Sep 15	1993 HIGH	1993 LOW
Metals & Minerals	3024.22	2981.87	2953.95	2960.12	3140.84 (16/8)	2743.31 (21/1)
Composite	3952.80	3978.30	3988.10	3967.98	4143.70 (1/9)	3275.80 (21/1)
MONTREAL Portfolio	1992.80	1992.64	1989.18	1993.63	1953.55 (1/9)	1720.97 (21/1)

Base values of all indices are 100 except NYSE All Common - 50; Standard and Poor's - 10; and Toronto Composite and Metals - 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds.‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable. ◆ The DJ Indl. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ♥ Subject to official recalculation.

	Sep 21	Sep 20	Sep 17	Sep 16	1993 HIGH	1993 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1925.3	1924.1	1905.5	1902.6	1977.10 (1/9)	1495.00 (13/1)
All Mining (1/1/80)	784.5	788.2	780.8	778.4	804.50 (2/9)	594.70 (13/1)
AUSTRIA						
Credit Aktien (30/12/84)	386.78	387.82	384.43	382.88	403.05 (31/8)	300.25 (14/1)
Traded Index (2/1/91)	976.80	978.25	965.93	958.85	1019.13 (6/9)	712.06 (15/1)
BELGIUM						
BEL20 (1/1/91)	1285.66	1290.84	1301.88	1308.01	1365.70 (12/8)	1125.46 (4/1)
DENMARK						
Copenhagen SE (3/1/83)	328.89	331.78	331.19	331.30	340.58 (10/8)	261.80 (4/1)
FINLAND						
HEX General (28/12/90)	1360.6	1358.8	1364.2	1358.2	1492.80 (19/8)	848.10 (22/1)
FRANCE						
CAC General (31/12/81)	578.42	582.28	577.44	577.36	600.51 (31/8)	471.24 (13/1)
CAC 40 (31/12/87)	2094.39	2107.36	2089.60	2075.84	2216.49 (27/8)	1772.21 (29/1)
GERMANY						
FAZ Aktien (31/12/58)	741.24	734.57	724.85	718.74	746.41 (31/8)	588.82 (14/1)
Commerzbank (1/12/53)	2114.2	2094.4	2086.4	2048.5	2125.60 (31/8)	1694.30 (14/1)
DAX (30/12/87)	1925.85	1912.84	1891.99	1865.67	1944.89 (31/8)	1516.50 (13/1)
HONG KONG						
Hang Seng Bank (31/7/64)	7495.31	7390.60	(c)	7418.11	7807.13 (9/9)	5437.80 (4/1)
IRELAND						
ISEQ Overall (4/1/88)	1683.39	1688.70	1678.42	1682.81	1754.84 (19/8)	1181.19 (11/1)
ITALY						
Banca Com. Ital. (1972)	587.54	590.85	594.14	596.15	632.86 (30/8)	446.33 (8/1)
MIB General (4/1/88)	1316.0	1300.0	1306.0	1312.0	1380.00 (30/8)	892.00 (11/1)
JAPAN						
Nikkei (16/5/49)	20468.85	20286.00	20281.04	20502.15	21148.11 (13/9)	16287.45 (25/1)
Tokyo SE (Topix) (4/1/68)	1649.80	1638.80	1651.34	1657.09	1698.67 (3/9)	1250.06 (25/1)
2nd Section (4/1/68)	2250.37	2252.83	2273.15	2285.41	2284.87 (7/9)	1851.72 (28/1)
MALAYSIA						
KLSE Composite (4/4/86)	818.83	816.46	819.5	819.77	851.43 (3/9)	614.29 (13/1)
NETHERLANDS						
CBS Tl.Rtn.Gen.(End 1983)	372.3	373.3	371.0	370.8	385.20 (31/8)	255.70 (4/1)
CBS All Shr (End 1983)	241.6	242.2	240.7	240.7	252.30 (31/8)	188.80 (13/1)
NORWAY						
Oslo SE (Ind) (2/1/83)	914.08	921.30	912.44	910.41	979.17 (13/8)	669.93 (27/1)
PHILIPPINES						
Manila Comp (2/1/85)	1938.71	1987.97	1986.37	1975.73	1996.37 (17/9)	1270.68 (4/1)
SINGAPORE						
SES All-Singapore (2/4/75)	514.50	514.81	517.01	514.36	519.65 (7/9)	384.10 (13/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	1649.0♥	1630.0	1640.0	1680.0	2068.00 (30/7)	775.00 (6/1)
JSE Industrial (28/9/78)	4438.0♥	4502.0	4520.0	4532.0	4719.00 (6/7)	4203.00 (16/4)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	694.86	695.12	688.34	686.39	777.25 (9/6)	605.93 (6/3)
SPAIN						
Madrid SE (30/12/85)	287.54	288.65	285.00	283.39	304.86 (30/8)	215.66 (4/1)
SWEDEN						
Affarsvarlden Gen. (1/2/37)	1245.4	1262.1	1264.6	1258.6	1339.10 (18/8)	876.10 (28/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	1051.4	1049.4	1036.2	1033.8	1077.50 (25/8)	904.80 (11/1)
SBC General (1/4/87)	836.0	832.2	820.9	817.8	854.70 (25/8)	678.70 (11/1)
TAIWAN**						
Weighted Price (30/6/66)	3894.38	3927.81	3941.49	3765.01	5013.28 (7/4)	3098.43 (9/1)
THAILAND						
Bangkok SET (30/4/75)	992.58	997.01	988.22	988.84	995.68 (9/9)	818.84 (1/9)
WORLD						
M.S. Capital Intl.(1/1/70) $	592.2*	593.3	595.9	594.6	605.20 (8/9)	488.80 (13/1)
Euro Top-100 (26/6/90)	1092.21	1092.54	1088.29	1077.58	1133.15 (30/8)	882.73 (13/1)

**Saturday September 18: Taiwan Weighted Price; 3893.40, Korea Comp Ex; 694.44.
♥ Subject to official recalculation.
*Calculated at 15.00 GMT.

Base values of all indices are 100 except Austria Traded, BEL20, HEX Gen., MIB Gen., CAC40, Euro Top-100, ISEQ Overall and DAX - 1,000, JSE Gold - 255.7, JSE 20 Industrials - 264.3 and Australia All Ordinary and Mining - 500; (c) Closed. (u) Unavailable

TOKYO - Most Active Stocks

Tuesday, September 21, 1993

	Stocks Traded	Closing Prices	Change on day
Nippon Steel	8.9m	301	+1
Hitachi	5.6m	818	+10
Sumitomo Mt Ind	5.1m	322	+6
NEC	4.9m	945	+7
Mitsubishi Hvy	4.4m	688	+12
Nikkatsu	4.4m	22	-1
Nikko Sec	3.4m	1,210	+10
Fujitsu	3.1m	802	+10
Isuzu	3.0m	625	+21
Toshiba	2.8m	682	+14

4 pm close September 21

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1993 High	Low	Stock	Div	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Chng Prev. Close
14⅝	11½	AAR Corp	0.48	3.8	637	126	13⅛	12¾	12¾	-⅛
29⅞	13¾	A L Labs A	0.18	1.0	38	788	18¼	17⅞	18	-⅜
68⅛	54⅝	AMP Inc	1.60	2.5	22	1409	65⅜	64½	64¾	-½
72¾	55½	AMR			16	6967	63¾	62⅝	63	-⅝
3½	1¾	ARX			12	297	3⅜	3⅛	3⅛	-⅛
51½	29⅞	ASA	2.00	4.6	28	1515	43¾	41⅞	43½	+1⅝
30¾	22⅞	Abbott Lab	0.68	2.6	16	14098	26½	25⅞	26⅛	+⅛
12⅝	9⅛	Abitibi Pr	0.50	5.5	4	3	9⅛	d9⅛	9⅛	
15¼	8¼	Acpincain			43	27	14	14	14	-⅛
38	26½	ACE Ltd	0.40	1.2		8463	33½	32½	32¾	-¾
12	10¾	ACM Gvt In x	0.96	8.7		255	11⅛	11	11	-⅛
10	9⅛	ACM GvOpp x	0.80	8.2		28	9¾	9¾	9¾	-⅛
9⅞	8¼	ACM Gvt Sp	0.80	8.5		254	9½	9⅜	9⅜	
11⅝	10½	ACM Gvt Se	0.96	8.7		387	11⅛	11	11	
11⅝	9⅝	ACM Man x	1.08	9.5		228	11½	11⅜	11⅜	-⅛
9⅜	8⅝	ACM Managd x	0.72	7.8		180	d9⅜	9⅛	9¼	
12⅞	7¾	Acme Cleve	0.44	4.8	12	58	9½	9⅛	9⅛	-½
9¼	6½	Acme Elect			48	37	7	6⅞	7	-⅛
27⅝	16⅞	Acordia	0.44	1.7	15	125	26¾	25⅞	26	-⅝
16	10⅝	Acuson			31	874	11⅝	11¼	11⅜	
21¾	18¾	Adams Expr	0.48	2.6	0	1286	18⅝	d18¼	18⅜	-⅜
68¼	45½	Ad Micro	3.00	4.9		1036	62	60½	60¾	-1¼

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Continued on next page

4 pm close September 21

NYSE COMPOSITE PRICES

Continued from previous page

- S -

1993 High	Low	Stock	Div	Yld %	P/E	Sls 100s	High	Low	Close Quote	Chng Prev. Close
22	15½	S Anita Rt	1.36	7.7	15	110	18	17⅞	17¾	-⅛
30¾	14⅞	SCOR US Cp	0.32	2.0	203	117	16¼	16¼	16¼	-⅛
29¾	20	SPS Techno	1.28	4.7	20	10	27	27	27	-⅛
15¼	12⅞	Sabine Rlt x	1.74	11.6	10	70	15	14⅞	15	+⅛
13¾	8⅞	Safecard	0.20	1.6	12	111	12¾	12⅝	12⅝	-⅛
23½	16⅞	Safeg'd Sc			9	68	20⅞	20½	20⅝	-⅛
24¾	14⅝	SafetyKln x	0.36	2.3	23	2445	15¾	15¼	15½	-⅛
19¾	10⅞	Safeway			29	1925	u19¼	18¾	19	+¼
4¼	2	SafewayW95				305	4¼	4⅛	4⅛	
55	37½	StJoePaper	0.20	0.4	140	46	47⅞	47½	47⅞	+⅛
37⅞	31	StJoeLtP	1.76	4.7	15	6	37¼	37	37¼	
[illegible]	75	St Paul's	2.80	3.1	15	538	91⅞	89	91½	+¾
11⅝	7⅞	Salant Crp			4	35	9⅛	8¾	9⅛	+⅛
75¼	39⅞	Sallie Mae	1.20	2.7	8	2308	45	44¼	44½	-⅜
14¼	13	Salomon Br	0.32	2.3		756	13¾	13½	13⅝	-⅛
51⅞	34	Salomonlnc	0.64	1.3	11	5258	50	46¼	47½	-3
27¾	23¼	SanDgo G&E	1.48	5.5	14	222	27	26¾	26⅞	+⅛
5	3½	SantaFeEDu	0.40	8.2	48	110	4⅞	4⅞	4⅞	-⅛
11⅞	8⅝	SantaFeEn	0.16	1.6	506	1154	10⅝	10	10⅛	-⅜
40¾	35¾	SantaFePac	2.80	7.3	13	93	38⅝	38⅛	38½	
19	12¾	SantaFPac	0.10	0.5	12	3459	18⅞	17⅞	18¼	+⅛
31⅛	21	Sara Lee	0.58	2.5	16	9773	24⅛	22¾	23⅞	-⅞
51⅞	40⅛	Scana Corp	2.74	5.3	15	436	51⅞	51⅝	51½	-⅛
25¾	21½	Scecorp	1.42	5.7	15	3203	25⅛	24¾	24⅞	-⅜
38⅞	23⅞	ScheringRP			25	522	30⅞	30¼	30⅞	+¾
70⅞	51¾	ScheringPl	1.80	2.8	16	4673	63¼	61½	63¼	+1⅞

[illegible]

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Price data supplied by Telekurs

[illegible]

AMEX COMPOSITE PRICES

4 pm close September 21

[illegible]

NASDAQ NATIONAL MARKET

4 pm close September 21

[illegible]

AMERICA

Shares undermined by selling of cyclicals

Wall Street

SELLING of cyclical issues continued to undermine US stock prices yesterday, in spite of some good news from the residential property market, *writes Patrick Harverson in New York.*

At 1 pm, the Dow Jones Industrial Average was down 17.04 at 3,558.76, above its lows for the day. The more broadly based Standard & Poor's 500 was up 0.15 at 455.20, while the Amex composite was down 2.13 at 448.92, and the Nasdaq composite down 1.43 at 738.78.

Monday's big declines in stock and bond prices set the tone for a downbeat opening to trading yesterday. Fresh losses in bond prices, and concern about the outlook for the economy and corporate earnings, ensured that all the major indices started in negative territory.

Some rare good news from the housing market – a bigger than expected 7.8 per cent rise in August housing starts and a strong increase in building permits – failed to generate much enthusiasm.

A recovery in bond prices by mid-afternoon also created little buying interest in stocks, which declined steadily throughout the day.

The one bright spot was the emergence of the market's first billion-dollar bid battle since the 1980s. Paramount Communications, which only a week ago agreed to be bought by Viacom International, has attracted a rival bid from QVC, the home-shopping network.

Late on Monday QVC made an offer for Paramount valued at $9.5bn, compared to Viacom's original $8.2bn offer. Amid speculation that a third bidder might enter the fray – possibly Turner Broadcasting – Paramount's stock jumped $5¼ to $74⅞ in volume of 3.3m shares.

The news lifted QVC, quoted on the Nasdaq market, by $1 to $57; Viacom, listed on the American Stock Exchange, was down $1⅝ at $57¼.

Turner Broadcasting eased $¼ to $25⅝.

Among depressed cyclical stocks, Caterpillar slumped $2¼ to $76½, International Paper gave up $1 at $60⅝, Aluminum Company of America slipped $1⅞ to $66⅝, and General Electric fell $⅝ to $96½.

Pharmaceutical stocks staged a recovery from Monday's losses. Merck gained $⅝ at $31⅝, Pfizer added $2 at $61, Johnson & Johnson rose $1⅝ to $39⅞ and Bristol-Myers Squibb put on $1⅜ at $58⅞.

Tambrands plunged $4¼ to $41⅞ in heavy trading after the board of directors announced that it had decided not to sell the company, and that instead it was embarking upon a restructuring of senior management.

On the Nasdaq market, Quality Food Centres fell $3¼ to $28 after the food retailer announced a decline in third quarter earnings to 29 cents a share.

Canada

TORONTO was weaker at midday with the TSE-300 composite index off 26.28 at 3,926.52.

Among the sub-indices financial services were down 10.84 at 2,991.62, metals and minerals 31.78 at 2,792.44 and oil and gas 26.26 at 4,796.28.

Among individual stocks Placer Dome lost C$⅝ to C$25, Lac Minerals was up C$¼ at C$9⅞ and Mitel down C$⅝ at C$9⅞.

EUROPE

Opposing influences on Daimler, VW

CONFLICTING influences on the automotive and banking sectors, and Nordic worries over currencies and interest rates gave bourses a lively day, *writes Our Markets Staff.*

FRANKFURT rose again as professionals shook their heads over its source of strength – a three-day gain of 9.1 per cent in Daimler, which put on another DM20.70 to DM766.70.

The DAX index climbed over a 7.2 per cent rise in August M3 money supply to close 13.01 higher at 1,925.85. Turnover rose from DM7.8bn to DM8.4bn but Mr Jürgen Rossa, at B Metzler in Frankfurt, said that there would have been little volume to speak of over the past three days if Daimler, Deutsche Bank and Siemens had been excluded.

With Daimler, due to make its New York stock exchange debut on October 5, there was a suspicion of window-dressing ahead of the event. Later in the day, the sector was troubled by a further fall in August new car registrations; and Volkswagen, up DM2 to DM360.50 on the official session, dropped DM3 to DM357.50 in the post-bourse as Standard & Poors put VW debt on its watch list.

In the broad market, the aggression behind the Daimler share price was not matched elsewhere. Siemens was just DM1.60 higher at DM663 and Deutsche Bank was flat at DM787.50 in a bank sector studiously neutral apart from Dresder, up DM4.80 to DM418.80 with a press conference on yesterday's schedule.

However, the defensive qualities of utilities brought out analytical support which left Veba and Viag up by DM6.30 to DM424.80, and by DM6 to DM448 respectively.

PARIS reacted calmly to results from Michelin which reported a first half loss of some FFr3bn, mainly due to the inclusion of restructuring provisions. The results were more or less in line with brokers' forecasts and the shares slipped FFr2.40 to FFr174.90.

The CAC-40 index drifted down 12.97 to 2,094.39.

Mr Eric Michelis of Kleinwort Benson in Paris commented that Michelin was likely to improve in 1994-1995 as the expected recovery in the car sector came through, and he maintained a hold recommendation on the stock. Elsewhere in the sector, Valeo, the components manufacturer, added FFr8 to FFr1,064 and Peugeot rose FFr6 to FFr652.

Eridania Beghin-Say was quoted FFr2 higher at FFr798 by the close: afterwards representatives of Ferruzzi Finanziaria and Montedison said that restructuring plans at Ferruzzi did not include the sale its majority stake in the French group.

ZURICH moved higher, bolstered by bank stocks, on the view that the continuing strength of the Swiss franc, particularly against the D-Mark, had increased the likelihood that interest rates will continue to edge lower. The SMI index rose 13.4 to 2,431.8.

UBS rose SFr18 to SFr1,198 and CS Holding by SFr40 to SFr2,895. Insurers were also sought with Zurich Insurance SFr23 ahead at SFr1,225.

Bearer shares in SMH, the watchmaker, rose SFr17 toSFr1,107 in active trade following a presentation to analysts by the company.

AMSTERDAM retreated slightly while the budget details failed to excite interest. The government said that it was abandoning its target for cutting the budget deficit because of slower economic growth and rising unemployment. It also forecast that GDP growth this year would be flat, but should return to 1 per cent growth in 1994. Some analysts commented that the announcement of greater infrastructure spending was in line with expectations, but noted that the medium term economic outlook remained depressed.

The CBS Tendency index closed 0.9 lower at 124.5.

Among the risers Unilever advanced Fl 1.30 to Fl 200.60, Elsevier 70 cents to Fl 139.40 and KLM 40 cents to Fl 36.40.

KNP BT, the paper and packaging group, surprised analysts with its announcement of a rights issue to lift its stake in Austrian paper group, Leykam, to 90 per cent. The shares lost 90 cents to Fl 34.30, but off the day's low of Fl 33.30.

STOCKHOLM extended Monday's losses on further weakness in the currency and higher domestic interest rates. The Affärsvärlden general index lost 16.7 or 1.3 per cent to 1,245.4. Turnover improved to SKr1.1bn from SKr827m.

Ericsson, the telecommunications stock, resisted the trend with a gain of SKr2 to SKr410, helped by a rise in the US. Elsewhere, banks bore some of the steepest declines on currency weakness, S-E Banken A falling SKr4 to SKr42, and Svenska Handelsbanken A slipping SKr3 to SKr93.5.

OSLO shared Stockholm's currrency and interest rate problems, threw in weaker prices for North Sea oil and came to a similar conclusion, the all-share index falling 6.30 to 551.39.

MILAN moved ahead although trading remained thin as the Comit index rose 6.69 to 597.54. Unofficial data showing a small, unexpected decline in inflation helped the mood.

Fiat added L150 to L6,004, while speculative demand took Olivetti L65 or 3.5 per cent higher to L1,925, ahead of results soon from both groups.

FT-SE Actuaries Share Indices

September 21								THE EUROPEAN SERIES
Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1275.36	1275.73	1277.42	1277.32	1277.26	1277.24	1278.59	1279.55
FT-SE Eurotrack 200	1347.99	1348.41	1349.49	1348.90	1348.71	1349.17	1351.09	1351.37

	Sep 20	Sep 17	Sep 16	Sep 15	Sep 14
FT-SE Eurotrack 100	1278.06	1265.02	1257.07	1260.47	1279.94
FT-SE Eurotrack 200	1351.78	1343.60	1335.87	1337.35	1357.12

Base value 1000 (26/10/90) High/day: 100 - 1279.72; 200 - 1352.45 Low/day: 100 - 1274.42 200 - 1347.28.

Concerns start to surface over Brazil's equity rally

But foreigners stay buyers, writes Bill Hinchberger

The São Paulo stock market may not be the best barometer for measuring the Brazilian economy given that equities have been accelerating even as inflation climbs by more than 30 per cent a month.

Last Friday the Bovespa index put on a further 7 per cent in dollar terms following an announcement by the government that it intended to deregulate exchange rate policy.

This would mean that the three exchange rates currently in operation – the commercial, tourist and parallel rates – would be reduced to just a single US dollar exchange rate.

Having lost 2 per cent in dollar terms on Monday as investors took profits, the Bovespa index was up 95 at 13,900 in early trading yesterday.

Nevertheless, there are clear reasons to explain why the market's performance in dollar terms this year – a rise of more than 100 per cent – is second only to Turkey among the 18 countries listed in the IFC's investable price indices.

For all its economic and political uncertainty, Brazil remains Latin America's most important economy.

"Brazil is not a small country; no matter who the president is, foreign investors have got to be there," says Mr George Rexing, director of foreign banking services for Banco de Boston, the First National Bank of Boston's subsidiary.

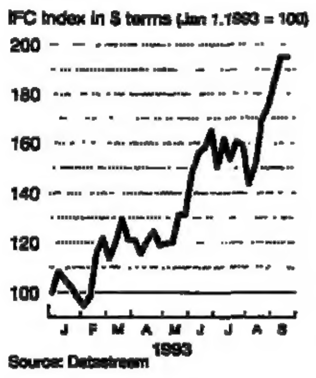
Long term foreign investors are adding exposure to Brazilian equities as part of a global emerging markets strategy, he believes.

New portfolio investment totalled $1.4bn during the first six months of this year, compared with $1.7bn for all of 1992. Foreign capital market investment was hampered during the second half of 1992 due to the corruption scandal leading to the impeachment of President Fernando Collor de Mello.

Overall flow into capital markets might be slowed by a government decision in August to restrict foreign access to fixed rate instruments; but the move may help equities as foreigners shift funds into shares. Local bonds had become

Brazil

IFC Index in $ terms (Jan 1.1993 = 100)



Source: Datastream

increasingly popular as real interest rates pushed annualised yields (in dollar terms) up to 16 to 17 per cent. As a result Salomon Brothers identified important shifts in volume in many "second tier" stocks immediately after the change was announced.

Leading the market's gains have been state-owned electrical utilities, propelled by real increases in tariffs and signals from the government that privatisation of the sector is likely.

Shares in companies sold off by the government, especially in the steel sector, have fared well under private ownership. Usiminas, the steel group which was sold in October 1991, has, since then, climbed more than 150 per cent in dollar terms.

Telebras, the state-owned holding company for the telecommunications sector, remains the market leader, often responsible for more than half the market's daily volume, while representing 60 per cent of the market index.

The shares appeared immune to recent difficulties, including the resignation of the company's finance director, subsequent newspaper reports of alleged corruption, and the resulting indefinite delay in planned international capital market deals.

One reason for its continued strong performance is, according to a recent Salomon Brothers report, hopes that the recent difficulties may boost the likelihood of privatisation.

The report goes on to say: "The current situation at Telebras also bodes well for the major operating subsidiaries of the company, particularly Telesp (which operates in São Paulo state) and Embratel (the long-distance operator) which have longed to escape from the control of the holding company."

These factors have combined to push daily turnover on the Bovespa index to unprecedented levels, consistently in excess of $200m a day this month, against levels averaging $100m a day a year ago.

Most observers believe that Brazilian shares remain a bargain, but some warn that the lustre may be coming off as the Bovespa index continues to climb, outdistancing other markets in the region.

Although share bargains in good companies continue to be an attraction, a recent report by First Boston concludes: "In Brazil's stock markets, politics have become far more important than fundamental company analysis."

ASIA PACIFIC

Cut in discount rate prompts Nikkei upturn

Tokyo

SHARE PRICES rose for the first time in five trading days on the wider than expected cut in the official discount rate, *writes Emiko Terazono in Tokyo.*

The Nikkei average gained 200.62 at 20,466.65 on index-linked buying and purchases by investors who held short positions. The index opened at the day's low of 20,347.43, before rising to the day's high of 20,564.86 in the afternoon session.

The Bank of Japan announced an official discount rate cut of 0.75 percentage points to a record low of 1.75 per cent. While the news surprised some investors, it did not lead to a rush of buy orders. "People were weighing the 1.75 per cent against the 0.8 per cent dividend yield of the Nikkei average," said a fund manager at Nippon Life, the country's largest life assurer.

Volume was 351m shares, against 213m. Advances led declines by 707 to 301, with 172 issues unchanged. The Topix index of all first section stocks put on 10.90 at 1,649.80, but in London the ISE/Nikkei 50 index lost 0.65 to 1,262.96.

The stock market will be closed tomorrow for a national holiday.

Market participants commented that rather than place funds into equities, institutional investors were committing money to the bond market. The yield on the No 145 10-year benchmark government bond fell 10 basis points yesterday to 3.86 per cent.

Interest rate-sensitive large-capital issues gained some ground. Nippon Steel, the day's most active stock, put on Y1 at Y331. Sumitomo Metal Industries rose Y6 to Y322 and Mitsubishi Heavy Industries advanced Y12 to Y688.

High-technology issues were firmer, with Hitachi up Y10 to Y818, Fujitsu rising Y10 to Y802 and Sony climbing Y70 to Y4,400. Nippon Telegraph and Telephone firmed Y7,000 to Y874,000, the first rise in six trading days.

Financials were also stronger. Dai-Ichi Kangyo Bank appreciated Y10 to Y2,240 and Nomura Securities improved Y10 to Y2,050. But Industrial Bank of Japan receded Y40 to Y3,360 on profit-taking.

Investors also took profits on retailers, with Daimaru falling Y24 to Y641 and Marui declining Y10 to Y1,720.

In Osaka, the OSE average rose 153.16 to 22,536.65 in volume of 110.3m shares.

Roundup

THE contrast between overnight losses on Wall Street and the gains in Tokyo left the region with a number of active markets, in share price terms, but no discernible trend.

HONG KONG gave the credit to high liquidity, via China funds set up overseas, and to defensive stocks as the Hang Seng index moved forward 104.71, or 1.4 per cent, to 7,495.31. Turnover eased from HK$3bn to HK$2.9bn.

Utilities led the advance, with HK Telecom adding 30 cents at HK$12.80, Hongkong Electric 90 cents at HK$21.30 and China Light 75 cents at HK$43.

Hang Seng Bank rose HK$2 to HK$53.50 but its parent, HSBC Holdings, declined HK$1 to HK$79.50 – the strike price of covered warrants on the bank issued by Peregrine late on Monday.

SINGAPORE's first day of extended trading hours left it with the Straits Times Industrial Index little changed in flat volume, 2.63 lower at 1,995.74 in turnover of 367.1m shares.

NEW ZEALAND ended soft as a 155m-share placing in Telecom at NZ$3.82 sucked funds from the market. Telecom ended 12 cents lower at NZ$3.99 as the NZSE-40 index fell 20.85 to 1,917.07. Turnover was NZ$620m, with Telecom accounting for about NZ$599m of that.

TAIWAN saw another wave of profit-taking from gains established after the central bank's credit easing last week. The weighted index moved narrowly before late selling left it 23.43 lower at 3,904.38. Turnover fell from T$19.3bn to a modest T$15.9bn.

MANILA, too, lost further ground as investors took profits after last week's record highs, and positioned themselves for pending new issues. The Manila composite index closed 28.26 down at 1,939.71 as combined volume rose from 1.46bn shares to 1.70bn.

SOUTH AFRICA

SHARES in Johannesburg were weaker overall as investors reacted to a stronger financial rand. The golds index was down 1 at 1,637, the industrials index shed 11 to 4,490 and the overall index was 4 lower at 3,827.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co. and NatWest Securities Limited in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	MONDAY SEPTEMBER 20 1993								FRIDAY SEPTEMBER 17 1993					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1993 High	1993 Low	Year ago (approx)
Australia (69)	141.14	-0.6	136.56	93.01	118.32	144.19	-0.2	3.57	141.96	137.18	93.65	118.81	144.48	148.84	117.39	130.89
Austria (17)	172.66	+0.2	167.10	113.79	144.75	144.77	+0.6	1.07	172.30	166.47	113.65	144.18	143.89	180.43	131.16	160.44
Belgium (42)	148.82	-1.0	144.02	98.07	124.76	126.80	-0.8	4.54	150.40	145.31	99.20	125.85	127.77	156.76	131.19	143.03
Canada (107)	122.01	-1.4	116.06	80.40	102.28	116.89	-0.7	2.90	123.75	119.56	81.62	103.54	117.74	130.38	111.41	123.61
Denmark (32)	229.75	-0.4	222.34	151.40	192.61	206.16	+0.2	1.10	230.61	222.81	152.11	192.97	205.75	232.42	185.11	205.70
Finland (23)	106.32	-0.6	102.89	70.07	89.13	129.47	+0.0	0.81	107.00	103.38	70.58	89.54	129.51	118.56	65.50	56.38
France (97)	168.92	+0.1	163.47	111.31	141.60	149.11	+0.3	3.09	168.70	162.99	111.27	141.15	148.65	171.69	142.72	158.50
Germany (60)	128.86	+1.3	124.71	84.93	108.03	108.03	+1.5	1.95	127.26	122.95	83.95	106.48	106.48	128.86	101.59	115.92
Hong Kong (55)	292.09	-0.4	282.67	192.48	244.88	289.99	-0.4	3.43	293.23	283.31	193.42	245.38	291.06	302.14	216.82	238.32
Ireland (14)	166.92	-0.4	161.53	109.99	139.93	163.10	-0.5	3.44	167.61	161.94	110.56	140.25	163.89	173.06	129.28	150.12
Italy (70)	74.58	+0.0	72.18	49.15	62.52	86.93	+0.3	1.87	74.56	72.04	49.18	62.39	86.65	78.93	53.78	53.04
Japan (470)	156.02	-0.6	150.98	102.81	130.81	102.81	-0.7	0.80	156.96	151.65	103.53	131.36	103.53	165.91	100.75	109.69
Malaysia (69)	398.36	-0.4	385.51	262.50	333.95	390.46	-0.5	1.77	399.78	386.25	263.69	334.51	392.39	410.47	251.68	241.01
Mexico (19)	1668.37	-1.2	1614.56	1099.42	1398.65	5667.50	-1.3	0.87	1689.20	1632.06	1114.22	1413.48	5741.96	1771.56	1410.30	1235.90
Netherland (24)	183.71	+0.4	177.78	121.06	154.01	151.93	+0.6	3.80	182.92	176.73	120.66	153.07	150.99	187.18	150.39	163.93
New Zealand (13)	60.25	+0.2	58.31	39.71	50.51	57.89	+0.1	3.85	60.14	58.10	39.67	50.32	57.86	62.98	40.56	42.38
Norway (22)	175.63	+1.0	169.96	115.74	147.24	167.58	+1.1	1.57	173.87	167.99	114.69	145.50	165.73	177.44	137.71	146.38
Singapore (38)	288.95	-0.3	279.63	190.42	242.24	212.39	-0.3	1.62	289.68	279.88	191.08	242.39	213.05	290.53	207.04	183.71
South Africa (60)	188.87	-0.3	182.78	124.46	158.34	190.21	-0.6	2.75	189.46	183.05	124.97	158.53	191.31	215.29	144.72	176.49
Spain (43)	139.88	+1.5	135.36	92.18	117.26	136.64	+1.4	4.17	137.84	133.18	90.93	115.34	134.82	140.97	115.23	123.92
Sweden (36)	183.84	-0.7	177.91	121.15	154.12	219.56	+0.2	1.54	185.18	178.92	122.15	154.96	219.11	198.23	149.70	169.30
Switzerland (50)	139.40	+1.4	134.91	91.87	116.86	121.30	+1.6	1.79	137.54	132.88	90.73	115.10	119.42	139.40	108.91	116.97
United Kingdom (218)	187.47	-0.2	181.43	123.53	157.15	181.43	+0.0	3.93	187.84	181.49	123.89	157.17	181.49	191.70	162.00	173.32
USA (520)	186.13	-0.8	180.12	122.66	156.04	186.13	-0.8	2.75	187.59	181.25	123.75	156.98	187.59	189.40	175.38	172.00
Europe (748)	157.52	+0.3	152.44	103.80	132.06	145.63	+0.5	3.10	157.12	151.80	103.64	131.48	144.96	159.39	133.92	141.71
Nordic (113)	175.74	-0.5	170.07	115.81	147.33	181.88	+0.2	1.35	176.66	170.68	116.53	147.82	181.45	183.23	142.13	154.59
Pacific Basin (714)	160.09	-0.6	154.93	105.50	134.21	110.16	-0.7	1.07	161.03	155.58	106.22	134.75	110.89	168.80	105.89	114.24
Euro-Pacific (1462)	158.92	-0.2	153.80	104.72	133.22	124.60	-0.2	1.90	159.31	153.92	105.07	133.30	124.85	162.86	117.26	125.35
North America (627)	182.15	-0.8	176.27	120.05	152.73	181.43	-0.8	2.76	183.63	177.42	121.14	153.68	182.88	185.59	171.51	168.98
Europe Ex. UK (530)	138.36	+0.6	133.90	91.19	116.02	124.77	+0.8	2.55	137.60	132.94	90.78	115.16	123.79	139.50	112.51	122.27
Pacific Ex. Japan (244)	200.52	-0.4	194.05	132.16	168.12	187.00	-0.3	3.05	201.34	194.53	132.83	168.50	187.60	205.61	152.70	158.84
World Ex. US (1648)	158.90	-0.3	153.77	104.72	133.22	126.50	-0.2	1.92	159.35	153.96	105.12	133.34	126.79	162.89	118.51	128.47
World Ex. UK (1950)	164.99	-0.5	159.67	108.73	138.33	141.34	-0.5	2.05	165.81	160.20	109.38	138.76	142.02	168.50	134.22	137.78
World Ex. So. Af. (2108)	166.95	-0.5	161.56	110.02	139.97	144.55	-0.4	2.23	167.74	162.06	110.65	140.37	145.18	170.43	137.29	140.71
World Ex. Japan (1698)	174.79	-0.4	169.15	115.19	146.56	168.82	-0.3	2.86	175.51	169.57	115.78	146.88	169.36	177.11	157.47	158.67
The World Index (2168)	166.97	-0.5	161.58	110.04	139.99	144.97	-0.4	2.23	167.76	162.08	110.66	140.39	145.61	170.42	137.32	140.86

Latest prices were unavailable for this edition.